TEMENOS AG

(incorporated in Switzerland with limited liability)

CHF 220,000,000
1.50% Bonds due 2025

This prospectus (the **Prospectus**) relates to the offering (the **Offering**) of 1.50% bonds in the aggregate principal amount of Swiss francs (**CHF**) 220,000,000 due 2025 (the **Bonds**, and each a **Bond**) of TEMENOS AG (the **Company** or the **Issuer**, and together with its subsidiaries **TEMENOS** or the **Group**), and the listing of the Bonds on the SIX Swiss Exchange (**SIX**).

Issuer:	TEMENOS AG, 2, rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland
Issue Price:	The Syndicate Banks have purchased the Bonds at the price of 100% of the aggregate principal amount of the Bonds (before commissions)
Placement Price:	According to demand
Payment Date:	28 November 2019
Maturity Date:	28 November 2025
Early Redemption:	At par in accordance with the Terms of the Bonds, provided 85% of the Bonds have been previously repurchased.
Reopening:	The Issuer reserves the right to reopen this issue at any time before the maturity of the Bonds in accordance with the Terms of the Bonds.
Interest Rate:	1.50% per annum (calculated on a 30/360 basis), payable annually in arrears on 28 November each year, for the first time on 28 November 2020. Interest payments are subject to Swiss Federal Withholding Tax of currently 35%.
Redemption Price:	100% of principal amount.
Denominations:	CHF 5,000.
Assurances:	Pari passu clause, negative pledge clause (with exceptions), change of control provision, and cross default provision, all as provided in the Terms of the Bonds.
Status:	The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer.
Form of the Bonds:	The Bonds are issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations. Investors do not have the right to request the printing and delivery of definitive Bonds.
Trading and Listing:	The Bonds have been provisionally admitted to trading on the SIX with effect from 26 November 2019. Application will be made for the Bonds to be listed on the SIX Swiss Exchange. The last day of trading is expected to be 26 November 2025.
Selling Restrictions:	United States of America and United States Persons, United Kingdom, European Economic Area, Italy and general selling restrictions (see pages 4 et seqq. of this Prospectus).
Governing Law and Jurisdiction:	Swiss Law, Zurich 1.
Lead Manager:	**Credit Suisse**
Co-Managers:	**BZ Bank Aktiengesellschaft** **Bank J. Safra Sarasin**

	Swiss Security Number	ISIN	Common Code
CHF 220,000,000 1.50% Bonds due 2025	50 878 574	CH0508785745	208161016

Prospectus dated 26 November 2019

IMPORTANT INFORMATION

Prospective Bondholders are expressly advised that an investment in the Bonds entails financial risks (including, without limitation, that (a) the Bond prices may be volatile, and (b) there is no prior market for the Bonds and no active trading market may develop). Prospective Holders should therefore carefully review the entire content of this Prospectus. For a description of certain further risks see also "Risk Factors" on pages 7 to 15.

The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Syndicate Banks (as defined hereinafter) to inform themselves about and to observe such restrictions. This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Syndicate Banks to subscribe for, any of the Bonds. This Prospectus may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

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SELLING RESTRICTIONS

United States of America and United States Persons

No substantial U.S. market interest: The Issuer reasonably believes that at the time the offering of the Bonds began, there was no substantial U.S. market interest in its debt securities in the meaning of Rule 902 (j) (2) of Regulation S under the Securities Act of 1933 of the United States of America.

Each Syndicate Bank understands that the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to or for the account or benefit of United States persons (except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act).

Each Syndicate Bank has also represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Bonds constituting part of their allotment within the United States or to or for the account or benefit of United States persons except in accordance with Rule 903 of Regulation S under the Securities Act.

Each Syndicate Bank has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Bonds.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Syndicate Bank has represented, warranted and agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Bonds, except with their affiliates or with the prior written consent of the Issuer.

United Kingdom

Each Syndicate Bank has represented and agreed that: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer.

European Economic Area

In relation to each Member State of the European Economic Area (each, a **Member State**), each Syndicate Bank has represented and agreed that it has not made and will not make an offer of Bonds to the public in that Member State except that it may make an offer of such Bonds to the public in that Member State at any time:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Bonds referred to in (i) to (iii) above shall require the Issuer or the Syndicate Banks to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Bonds to the public** in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

SELLING RESTRICTIONS

Italy

The offering of the Bonds has not been registered with CONSOB – *Commissione Nazionale per le Società a la Borsa* (the Italian Companies and Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Bonds be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the **PD Regulation**) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the PD Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Bonds or distribution of copies of this Prospectus or any other document relating to the Bonds in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended (the **Consolidated Banking Act**), and CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time); and

(b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

In accordance with Article 100-bis of the Financial Services Act where no exemption from the rules on offerings of securities to the public applies under (i) and (ii) above, the subsequent distribution of the Bonds on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the PD Regulation and the applicable Italian laws and regulations. Failure to comply with such rules may result in the sale of such Bonds being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

General

Neither the Issuer nor any of the Syndicate Banks represent that the Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements and information relating to TEMENOS that are based on the current expectations, estimates, plans, strategic aims, vision statements, and projections of its management and information currently available to TEMENOS.

These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results of operations, financial condition, performance or achievements of TEMENOS to be materially different from any future results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Terms and phrases such as “will”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “predict”, “estimate”, “project”, “target”, “assume”, “may” and “could”, and variations of these words and similar expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

These statements reflect the current views of TEMENOS’ management with respect to future events and are not a guarantee of future performance. Various factors could cause actual results or performance to differ materially from the expectations reflected in these forward-looking statements, including those described under the heading “Risk Factors” and elsewhere in this Prospectus. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Therefore, no undue reliance should be placed on forward-looking statements and Bondholders should assess and take into account these risks as part of their investment decision. Neither the Issuer nor the Syndicate Banks undertake to update any forward-looking statement, even if new information, future events or other circumstances have made them incorrect or misleading. All subsequent written and oral forward-looking statements attributable to the Issuer or any other entity of TEMENOS are qualified in their entirety by the risk factors outlined below.

The Group operates in a rapidly changing environment that involves a number of risks and uncertainties, some of which are beyond its control. Prospective Bondholders should carefully consider each of the risks and uncertainties described below and all other information in this Prospectus before deciding to invest in the Bonds. If any of the following events actually occur, the Group's business, operating results and financial condition would likely suffer. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our cash flows, business, results of operations and financial condition. In addition, the risks and uncertainties described below are not the only ones that the Group faces. Additional risks and uncertainties that the Group does not currently know of or that the Group currently believes to be immaterial may also adversely affect the Group's business operations.

Risks factors relating to the Issuer

The Issuer is reliant on the support of the wider Group to conduct its business

The Issuer is dependent upon the Group for various services including but not limited to software development and support, centralised administrative functions, licensing of IP and management. These services are centralised within the Group for cost effectiveness and expertise and are provided to all Group companies from numerous locations. Any contingency that affects the Group's ability to provide the various services to the Issuer will have a material effect on the Issuer's operations, financial condition, results and ability to fulfil its obligations.

The Issuer is reliant on the support of the wider Group to fulfil its obligations

In order to satisfy its obligations in respect of the Bonds the Issuer will depend upon payments made to it by other members of the Group. Therefore the Issuer's ability to fulfil its obligations is subject to any contingency that affects the Group's business, financial condition and results.

Risks factors relating to the Group

The Group depends on the banking and financial services industry

The Group derives all of its licensing, hosted software delivery, maintenance and services revenues from banks and other financial institutions. The banking industry is sensitive to changes in economic conditions and is highly susceptible to unforeseen external events, such as political instability, recession, inflation or other adverse occurrences that may result in a significant decline in the use and/or profitability of financial services. Any event that results in decreased consumer or corporate use of financial services, cost-cutting measures by financial services companies, or increased pressure on banks and financial institutions to develop, implement and maintain solutions in-house rather than going to external providers, may negatively affect the level of demand for the Group's products and services. Any reduction in the demand for the Group's products in the banking and finance industries or decrease in success in marketing the Group's products to financial sector clients and prospective clients could have a material adverse effect on the Group's operations and financial condition and results.

Increased competition may result in price reductions and decreased demand for the Group's products and services

The Group competes both to attract new customers and to retain and provide additional services to its existing customers. The market for banking industry software is intensely competitive and continues to change in response to technological innovation and other factors. The Group's competitors are diverse and offer a variety of solutions directed at various segments of the banking and financial services industry software market. These competitors include large software vendors offering banking software solutions, such as SAP, Infosys and Tata Consultancy Services, as well as focussed providers such as Oracle Financial Services Software and Finastra. The IT departments of financial institutions that conduct internal development efforts and smaller independent companies that provide specialised solutions addressing discrete needs or specific geographic regions are also in direct competition with the Group. A number of the Group's competitors have certain competitive advantages such as: longer operating histories; greater financial, technical and marketing resources; stronger brand recognition; and a larger installed client base. In addition, several of the Group's competitors have well established relationships with a number of the Group's current and potential clients and strategic partners. Furthermore, the same competitors also have extensive knowledge of the banking software industry and have the resources to enable them to offer clients single-vendor solutions for all of their banking related software requirements. As a response to a changing competitive environment, changes to pricing, service or marketing decisions could have a material adverse effect on the Group's business, financial condition and results.

As a result, some of the Group's competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements or to devote greater resources to the development, promotion and sale of their products and new technologies. Failure to respond as quickly as its competitors could have a material adverse effect on the results of operations and financial condition of the Group.

There can be no assurance that established software companies, that are significant players in other vertical industries, will not enter the market for banking and financial industry software. Any increase in competition to the Group's product and services could have a material adverse effect on the revenues, results of operations and financial condition of the Group.

The Group faces challenges maintaining its products' market leading positions in an environment of rapid technological development, new business models and changing market expectations

The future success of the Group depends upon its ability to keep pace with technological developments, new business models among its customers (such as Software-as-a-Service (SaaS)) and changing market expectations. The market for banking software is characterised by rapid technological change, frequent new product introductions, technology enhancements, changes in customer demands and evolving market standards. This requires the Group to constantly develop new products and services, enhancing existing products and services, integrating any new products and services that may be acquired through acquisitions and anticipating any future changes in customer's needs. There can be no assurance that the Group will be successful in developing new products and services or enhancing existing products and services and bringing them to market in a timely and cost effective manner. Failure to make sufficient investments in research and development or if such investments were costly and/or ineffective could have a material adverse effect on the results of operations and financial condition of the Group. With increasingly sophisticated customer requirements, the Group may not succeed in developing high quality products or enhancements necessary to compete with products, enhancements or other technologies offered by competitors. In addition, there can be no guarantee that expenditure on research and development will directly result in increases to the Group's revenue in excess of the costs associated with the research and development. If the cost of researching and developing a new product is in excess of any additional revenues generated by the new product the Group's profitability will decrease.

Increased proportion of clients that are "Tier 1 and 2" may increase the reputational risk to the Group

The Group's "Tier 1 and 2" client list, which includes clients such as Nordea, Bank of Ireland, Standard Chartered Bank, ABN Amro, BANESCO, Julius Baer, SinoPac, Swissquote, Open Bank, the digital bank of Santander Group and others, is a key competitive strength, which strengthens the reputation and brand of the Group within the banking industry. However, the continued acquisition of "Tier 1 and 2" clients increases the reputational exposure of the Group in the event of a product defect or customer complaint in relation to a Tier 1 or Tier 2 client. Any incident or action that damages the reputation or brand of the Group could adversely affect its business, financial condition and operating results.

The Group is dependent on its ability to attract and retain key management and other skilled personnel

The Group operates in an industry in which there is intense competition for experienced and highly qualified individuals. The economic success of the Group is partly dependent on its ability to identify, attract, develop, motivate, adequately compensate and retain highly skilled and qualified management, sales, support, service, marketing and software development personnel, particularly those with expertise in the banking software industry. In particular, the Group depends heavily on the continued services and performance of its directors, members of its Executive Committee and other senior managers and technical personnel. In addition, the Group relies on hubs of its technical staff at its facilities in India, Romania and other locations for cost-effective development, support and other activities. The Group believes that in order to grow its business it will need to continue to hire and retain highly qualified employees with the requisite skills and expertise to support its growing client base. There is intense competition for experienced and highly skilled personnel, particularly in India, and there is no guarantee that the Group will continue to be able to successfully and consistently meet its personnel recruitment goals. If the Group fails to recruit and retain the numbers and types of employees that it requires, its business, operating results and financial condition may be adversely affected.

The Group's business could be adversely affected if it fails to successfully identify, complete or manage acquisitions

The Group pursues a strategy of making targeted acquisitions. The risks associated with such a strategy include the availability of suitable candidates, integration issues such as the failure to assimilate operations and personnel, and the risk of entering markets in which the Group has no or limited prior experience. The process of integrating an acquired company or business is risky and may create unforeseen operating difficulties and expenditures, including: difficulties in integrating the operations, technologies, services and personnel of the acquired businesses; unexpected costs or liabilities of acquired businesses (or future acquisitions); ineffectiveness or incompatibility of acquired technologies or services; failure to realise operating benefits or synergies from completed transactions; potential loss of key employees of acquired business and cultural challenges associated with integrating employees from the acquired company; inability to maintain the key business relationships and the reputations of acquired businesses; and diversion of management's attention from other business concerns.

Further consolidation in the Group's industry may decrease the number of potential desirable acquisition targets. Failure to acquire, integrate and derive the desired value of any businesses or assets in the future could materially adversely affect the Group's business, results of operations and financial condition.

In addition, acquired businesses might not perform as anticipated, resulting in charges for the impairment of goodwill and other intangible assets on the Group's statements of financial position. Moreover, the funding of future acquisitions by the Group may require the use of significant amounts of cash, potentially dilutive issuances of equity securities and the incurrence of debt or amortisation expenses related to intangible assets.

The Group's results of operations may be adversely affected by foreign exchange and/or interest rate fluctuations

The Group's financial statements are expressed in U.S. dollars and the Group generates the majority of its revenues in U.S. dollars. However, a significant portion of its operating expenses is incurred in currencies other than the U.S. dollar, particularly in euros, Swiss francs, Indian Rupees and Pounds Sterling. In addition, the proceeds of the sale of the Bonds will be denominated in Swiss francs. In some jurisdictions the Group receives payment in U.S. dollars or other currencies, while independent distributors resell the products to clients in the local currency. In the event of the depreciation of the local currency against the U.S. dollar, the Group may be forced to reduce the sale price. As a result, fluctuations in the exchange rate of the U.S. dollar against other currencies could materially affect the Group's reported results from year to year. The appreciation of the U.S. dollar relative to other currencies would generally have an adverse effect while depreciation of the U.S. dollar relative to another currency would generally have a positive effect.

The Group makes efforts to mitigate its foreign exchange risk by aligning its revenue streams to currencies that match its cost base and hedges most of the residual exposure by the use of derivative instruments. However, such hedging may not be sufficient protection against significant fluctuations in the exchange rate of the U.S. dollar to other currencies, in particular those currencies in which the Group incurs operating expenses, generates revenues or holds assets. Such fluctuations may impose additional costs on the Group and have a material adverse effect on the Group's financial condition and results of operations, and on the comparability of its results between financial periods.

Furthermore, the Group is exposed to the fluctuation in interest rates. Some of the Group's financing arrangements bear interest at floating rates of interest per annum equal to EURIBOR or LIBOR, as adjusted periodically, plus a margin. These interest rates could rise significantly in the future. To the extent that interest rates were to increase, the Group's interest expense would correspondingly increase, reducing Group cash flow. This could have a material adverse effect on the Group's business, financial condition and results of operations

The Group relies on third parties and strategic partners for sales and implementation services

The Group delivers its products to customers directly and indirectly through distributors and through strategic alliances with IT service providers. The Group's strategic partners sell to customers and provide implementation services through a contract with the partner, rather than with the Group. These relationships with IT service providers and strategic partners help to drive co-innovation of the Group's products, profitably expand the Group's routes-to-market to enhance market coverage and provide high quality services in connection with the Group's product offerings. Any failure to maintain and expand these relationships could adversely affect the Group's products and services which, in turn, would have an adverse effect on the Group's ability to compete successfully with its competitors and therefore negatively affect the results of operations and financial condition.

Operating results may be negatively impacted by increased use of professional subcontractors by the Group

The Group relies on professional subcontractors to fulfil certain of its obligations to customers, in particular in the context of implementing Group products. The Group's use of subcontractors reduces its professional services gross margins, and so any increase in the use of subcontractors may negatively impact the Group's services margins.

Due to the typically short-term nature of the contracts with professional subcontractors, there is a risk that should they be terminated on short notice, the Group's ability to implement its products could be materially reduced. Such a reduction could have a material adverse effect on the Group's financial condition and results of operations.

The Group's sales cycle is long and may cause its operating results to vary widely

A decision by a potential customer to purchase the products of the Group involves a significant commitment of its resources and is influenced by its budget cycles. The process of winning new customers can require a significant amount of management time and resources as the Group must educate any potential new clients regarding how they could use and benefit from the Group's products and services. Consequently, the period between initial contact and the purchase of products is often long and subject to delays associated with the lengthy budgeting, approval and competitive evaluation processes that typically accompany significant IT expenditures. The Group's sales cycles typically range between nine and twelve months from initial contact with a potential customer to the signing of a licence agreement. Lengthy delays between the purchase of products and payment may cause the Group to incur significant expenses before payment by the customer, which could have a material adverse effect on the Group's financial condition and results of operations in the intervening period. In addition, the Group's operating results may vary widely from period to period.

Cyclical fluctuations may cause the Group's quarterly operating results to vary widely

The Group's quarterly results are subject to cyclical fluctuations that are a factor of the market and sectors within which the Group operates. In particular, licence revenues are typically strongest in the fourth quarter, when the large proportion of customers with calendar year-end budgeting procedures make their purchasing decisions. In contrast, first quarter results are typically the weakest in the annual reporting cycle. In addition, the third quarter includes the summer months when both sales and billable client services activity, as well as client purchase decisions, tend to be lower, particularly in Europe. Such cyclical fluctuations could put stress on the Group's cash position which may necessitate the Group drawing on existing working capital facilities or other sources of liquidity. As a result of seasonality of the Group's revenues, the Group's quarterly operating results may fluctuate materially and could lead to volatility in the price of the Issuer's shares, which could, overall, have a material adverse effect on the value attributed to the Group. In addition, the Group may have difficulty in accurately forecasting revenues on a quarterly basis, which may have a material adverse effect on the Group's results, financial condition and ability to meet its payment obligations in connection with the Bonds.

The Group may face difficulties in the provision of its SaaS and Cloud services offering

SaaS and Cloud technology are relatively new to the banking and financial market sector. Accordingly, the Group may be subject to changing regulatory requirements, evolving customer attitudes and technical complexities in developing a new business offering and support services. The Group may fail to achieve desired operating profit results in this new market due to regulatory changes or inability to develop a competitive product which appeals to its clients.

In delivering its SaaS services, Group is highly dependent on availability and security of underlying infrastructure provided by various suppliers including Microsoft Azure. By providing Cloud technology to customers the Group will hold a large amount of customer data. Hardware failures, product defects or system errors could result in data loss or corruption, or cause the information held to be incomplete or contain inaccuracies. The availability of the Group's application suite could be interrupted by a number of factors, such as the failure of a key supplier, its network or software systems due to human or other error and security breaches.

Although the Group employs security, data protection and privacy measures there is a risk that such measures could be breached as a result of third party action, employee error and malfeasance, or otherwise, and if as a result unauthorised access is obtained to customer data, which may include personally identifiable information about users, the Group could suffer significant reputational damage and be exposed to major liabilities. Any such incident in relation to the Cloud services, including reputational damage or exposure to major liability, would have a material adverse effect on the Group's financial condition and results of operations.

Undetected errors or defects in the Group's software could adversely affect the Group's performance and reduce the demand for its products

There can be no assurance that the Group's products do not contain errors or defects that the Group has not been able to detect and that could adversely affect the performance of the products and negatively impact the Group's relationship with its customers and clients. This could occur when developing a new product or service or when developing a new version or enhancement of an existing product. It is not always possible to identify and rectify any errors or defects during a product or services developmental phase, and more commonly the Group has discovered minor software defects in certain new versions and enhancements of its products after they have been introduced. The detection and subsequent correction of any errors or defects can be expensive and time consuming, and it is not always possible to meet the expectations of customers regarding the timeliness and the quality of the defect resolution process. In a worst case scenario, it might not be possible to wholly rectify certain defects or entirely meet customer expectations. In such circumstances it is possible that customers may pursue claims for refunds, damages, attempt to terminate existing arrangements, request replacement software or seek other concessions. Any such action by customers could have a material adverse effect on the business, financial condition and results of operations of the Group.

A defect or error in any newly developed software of the Group could result in adverse customer reactions and negative publicity, as the Group's customers and potential customers are highly sensitive to defects in the software they use. Any negative publicity could hinder the successful marketing of the new software, reducing demand for the software. A defect or error in new versions or enhancements of the Group's existing products could result in the loss of orders or a delay in the receipt of orders and could result in reduced revenues, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on the Group's business, results of operations and financial condition. Any claim brought against the Group in connection with defective software, regardless of its merits, could entail substantial expense and require a significant amount of time and attention by management personnel.

The Group may encounter difficulties in migrating clients to T24, TEMENOS Transact, TEMENOS Infinity and other Group products

Historically, the Group's business strategy was focused almost exclusively on the licensing and servicing of a single integrated banking software product, known as T24. Over the years, the Group has acquired and developed additional products to offer a multi-product suite to a broad client base. Both the migration to new products and the introduction of new products entail implementation risks for the client. Although the Group has successfully migrated many clients to T24, TEMENOS Transact, TEMENOS Infinity and other products of the Group, there remains a risk that a new client may encounter technical difficulties, delays or unexpected expenses as it completes the migration to this platform.

Unsuccessful, lengthy or costly customer migration projects could result in claims from customers and/or reputational damage to the Group, and accordingly could therefore have a material adverse effect on its business, financial condition and results.

The Group's business may be adversely affected by conflicting legal and regulatory requirements associated with international operations

More than 3,000 financial institutions in over 150 countries currently use the Group's systems. The Group's future revenue growth depends on the successful continued expansion of its development, sales, marketing, support and service organisations, through direct or indirect channels, in the various countries around the world where its current and potential clients are located, including in many developing or newly industrialised countries. Such expansion will require the opening of new offices, hiring new personnel and managing operations in widely disparate locations with different economies, legal systems, languages and cultures, and will require significant management attention and financial resources. The Group's operations are also affected by other factors inherent in international business activities, such as:

- differing laws governing regulation, risk and compliance in the banking sector;
- difficulties in staffing including works councils, labour unions and immigration laws and foreign operations;
- the complexity of managing competing and overlapping tax regimes;
- differing import and export licensing requirements;
- operational difficulties in countries with a high corruption perception index;
- protectionist trade policies such as tariffs;
- limited protection for intellectual property rights in some countries;
- difficulties enforcing intellectual property and contractual rights in certain jurisdictions;
- differing data protection and privacy laws;
- political and economic instability, outbreaks of hostilities, international embargos sanctions and boycotts; and
- longer accounts receivable payment cycles or bad debt.

The risks associated with the factors stated above will intensify as the Group expands further into new countries and markets. Additionally laws and regulations and governments' approaches to their enforcement, as well as the Group's products and services, are continuing to change and evolve. Compliance with the laws and regulations in the various jurisdictions may involve significant management time, costs and require costly changes to products and/or business practices. Failure to comply with laws in the various jurisdictions could result in prosecution, fines or reputational damage.

The Group's business could be adversely affected if the Group is unable to protect its proprietary technology

The Group relies upon a combination of copyright, trademark and trade secrecy laws, trade secrets, confidentiality procedures, contractual provisions and licence arrangements to establish and protect its proprietary rights and the Group's ability to do so effectively is crucial to its success. The Group enters into agreements with its employees, partners, distributors and clients that seek to limit the distribution of and otherwise protect its proprietary information. However, the Group cannot give any assurances that the steps taken to protect its proprietary rights will be adequate to prevent misappropriation of its proprietary information as all of the protection measures afford only limited protection. The Group's proprietary rights could be challenged, invalidated, held unenforceable or otherwise affected. Certain proprietary technology may be vulnerable to disclosure or misappropriation by employees, partners or other third parties and third parties might reverse-engineer or otherwise obtain and use technology and information that the Group regards as proprietary. Accordingly the Group might not be able to protect its proprietary rights against unauthorised third-party copying or utilisation, which may undermine the Group's market position and deprive it of revenues.

The Group may not be able to detect unauthorised use of its intellectual property, or take appropriate steps to enforce the Group's intellectual property rights. The Group's products are used in operations in over 150 countries and are therefore subject to varying laws governing the protection of software and intellectual property in each of these jurisdictions. The Group cannot guarantee that its software and intellectual property will be afforded the same level of protection in each jurisdiction, as some jurisdictions may offer no effective means to enforce the Group's rights to its proprietary information, which could result in competitors offering products that incorporate features equivalent to the Group's most technologically advanced features, which could have a material adverse effect on the Group's business, results of operations and financial condition.

Any legal action that the Group may bring to enforce its proprietary rights could involve enforcement against a partner or other third party, which may have a material adverse effect on its ability, and its clients' ability, to use that partner's or other third parties' products. Moreover, litigation, which could involve significant financial and management resources, may be necessary to enforce the Group's proprietary rights. Any material infringement of the Group's proprietary technology could have an adverse effect on its reputation, business, financial position, profit and cash flows.

The Group may be subject to third party claims for intellectual property infringement

There can be no assurance that the litigation of intellectual property infringement claims will not significantly increase as a result of the following factors: the number of products in the financial services software market growing, the Group acquiring companies which rely on third-party code, the expanding use of open source code, the Group expanding into new areas of the banking industry resulting in greater overlap in the functional scope of products, and increasing assertion of intellectual property infringement claims by non-practising entities that do not design, manufacture, or distribute products.

Although the Group believes that its products do not infringe upon the intellectual property rights of others, and that the Group has all the rights necessary to utilise the intellectual property employed in its business, the Group is still subject to the risk of claims alleging infringement of third-party intellectual property rights, including in respect of intellectual property that has been developed by third parties and acquired by the Group in business or asset purchase transactions. Responding to such claims, regardless of whether they are with or without merit and negotiations or litigation relating to such claims could require the Group to spend significant sums in litigation costs, payment of damages and expend significant management resources. In addition, such claims could lead to shipment delays or require the Group to enter into royalty or licensing agreements on unfavourable terms, discontinue the use of challenged trade names or technology, or develop non-infringing intellectual property. The Group's liability insurance does not protect it against the risk that its own or licensed third-party technology infringes the intellectual property of others. Therefore, any such claims could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

Legal proceedings or litigious actions against the Group could have a material adverse effect on business, financial position, profit, cash flows and reputation

The Group operates in various legal jurisdictions and as such is subject to various legal and regulatory requirements. The possibility exists that a member of the Group may have legal proceedings or litigious actions brought against it. The outcome of legal proceedings or litigious actions are intrinsically uncertain and the actual outcomes of legal proceedings or litigious actions could differ from the assessments made by management in prior periods, resulting in increases in provisions for litigations in the accounts of the Group. Adverse outcomes to legal proceedings or litigious actions could result in the award of significant damages or injunctive measures that could hinder the Group's ability to conduct business and could have a material adverse effect on its reputation, business, financial position, profit, and cash flows.

Failure to comply with the terms of the Group's credit facilities could materially adversely affect the Group's liquidity and therefore the results of operations

The Group has credit facilities in place with a syndicate of banks. The facilities contain financial and negative covenants, undertakings and event of default provisions. Moreover, the facilities contain cross-default provisions such that a default under another debt instrument, such as the Bonds, could result in a default under the credit facilities and acceleration of the debt thereunder.

The inability of the Group to draw under the credit facilities to satisfy its working capital requirements, and/or the impact on the Group of any cross-acceleration or cross-default provisions could have a material adverse effect on the Group's business, results of operations and financial condition.

Complex software and hardware systems may be breached, interrupted or could fail

The Group is highly dependent on the proper functioning of complex software and hardware systems. The Group cannot guarantee uninterrupted operation and full security of all its systems. Any failure of such systems or associated back-up facilities could lead to a business disruption. Failure to manage IT security risks appropriately or data losses, breaches to the IT security systems or any other significant failure of the complex software and hardware systems could lead to legal sanctions, civil claims, significant remediation costs, reputational damage, potential cancellation of customer contracts and inability to compete future business.

The Group's business may be interrupted and adversely affected by incidents such as state based conflicts, terrorism or natural disasters

The Group's business operations are vulnerable to interruption from natural and man-made threats including but not limited to fire, floods, earthquakes, volcanic activity, explosions or other threats such as terrorist activity, social unrest, pandemic and other disasters. This risk is increased by the fact that some of the Group's systems or facilities are based in locations with increased exposure to such natural or social risks. As the Group continues to expand into new countries and markets, these risks could intensify.

Any such interruption or incident could have a material adverse effect on the Group's partners as well as customers and their investment decisions. The occurrence of any of such events, or other events with similar effects, could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's information technology and network systems may be vulnerable to cyber-security risks

The Group's information technology systems and network infrastructure may be exposed to physical damage or cyber-attacks including the risk of state or competitor driven action. An external information security breach, such as a hacker attack, a virus or worm, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt the Group's or client's business operations or cause disclosure or modification of sensitive or confidential information. Such a failure could result in material financial loss, breach of client contracts, reputational harm or legal liability, which, in turn, could adversely affect the Group's business, results of operations and financial condition.

If the Group's security measures are breached and unauthorised access is obtained to the Group's IT systems, the Group's business could be disrupted and the Group may suffer financial losses as a result of the loss of confidential client information or otherwise.

In addition, the Group's insurance coverage might not cover claims against it for loss or security breach of data or other indirect or consequential damages. Moreover, defending a suit, regardless of its merit, could be costly and time-consuming.

If the Group experiences interruptions in the availability of its application suite, the Group's reputation could be harmed, which may have a material adverse effect on the Group's business and financial condition.

Internal controls may not effectively address all material risks affecting the Group

Although the Group considers the controls and procedures it currently has in place to minimise the financial reporting, legal, disclosure and other regulatory, compliance and operational risks associated with its business to be adequate for its purposes, the Group recognises that the efficacy of some of these controls and procedures depends significantly on employees and contractors, and on input from external legal and other advisers and all of these controls and procedures need to be kept under regular review, particularly given the pace at which the Group's business has developed and generally increasing regulatory scrutiny. There can be no assurances that the Group will be able to identify and adequately remedy all failures or weaknesses in the internal controls and procedures of the Group.

There is no assurance that the Group will not be targeted by those willing to commit fraud against the Group. Such an action could come from either an internal or external source and could result in a significant adverse impact on the Group's business, results of operations and financial condition.

Risk factors relating to the Bonds

There may be limited liquidity in the market for the Bonds

There is no established trading market for the Bonds. There can be no assurance regarding the future development of a market for the Bonds, or the ability of Bondholders to sell their Bonds, or the price at which such holders may be able to sell their Bonds. The liquidity of any market will depend upon the number of Bondholders, the market for similar securities, the interest of securities dealers in making a market in the Bonds and other factors. A liquid trading market may not develop for the Bonds.

The price of the Bonds may be highly volatile

The trading price of the Bonds may be subject to fluctuations as a result of numerous factors including, but not limited to, variations in the periodic operating results or financial condition of the Group or the Issuer, changes in investor perceptions of the Group and the Issuer, the depth and liquidity of the market for the Bonds and changes in actual or forecasted global or regional economic conditions or conditions in the banking or banking software industries. In addition, the global bond markets have from time to time experienced extreme price and volume fluctuations, notably in response to changes in interest rates and credit spreads. Any such broad market fluctuations may adversely affect the trading price of the Bonds. Developments and changes in securities analyst recommendations regarding the shares of the Company may also influence and bring volatility to the price of the Bonds.

The absence of a credit rating may make it more difficult for the Bondholders to benchmark their investment

The absence of a credit rating for the Issuer may make it more difficult for the Bondholders to benchmark their investment or to become aware of any adverse change in the credit of the Group.

The Bonds will be unsecured indebtedness and will rank equally with all existing and future unsecured indebtedness

The Bonds will be unsecured indebtedness of the Issuer and will rank equally in right of payment with all the Issuer's respective existing and future unsecured indebtedness. In addition, the Bonds will be effectively subordinated to all of the Issuer's respective future secured indebtedness, to the extent of the value of the collateral securing such indebtedness, and other liabilities of the Issuer's respective subsidiaries. The Terms of the Bonds do not limit the amount of additional indebtedness that the Issuer's respective subsidiaries can create, incur, assume or guarantee.

The Bondholders' claims under the Bonds will be structurally subordinated to the claims of certain third-party creditors

The Group consists of the Issuer and its direct and indirect subsidiaries. The Issuer may use a portion of the net proceeds of the Offering to finance loans to others of these Group companies, which may in turn make further loans within the Group. Group companies may agree among themselves or with third-party creditors to subordinate their claims arising from any loans among Group companies to the claims of such third-party creditors. In addition, the assets of the Group are mostly held by the subsidiaries of the Issuer (except the shares in the subsidiaries which are held by the Issuer). Such assets of a group company (other than the Issuer) are generally only available to cover the obligations of such Group company and may not be available to the creditors of Issuer, unless the claims of the creditors of the group company can be fully paid first. This structure results in de facto subordination, or so-called "structural subordination," of the Bondholders' claims under the Bonds. As a result of this structure, in the event of the liquidation of a Group company, the claims of other third-party creditors may be satisfied in priority to inter-Group claims against such company, and therefore in priority to the Bondholders' claims under the Bonds.

RESPONSIBILITY STATEMENT

The Issuer, having made all reasonable enquiries, confirms to the best of its knowledge and belief that the information contained in this Prospectus is in all material respects true and accurate, and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion, in any material respect. The Issuer accepts responsibility accordingly.

Geneva, as of 26 November 2019 TEMENOS AG

SECTION 1: GENERAL INFORMATION

Authorisation

Pursuant to a resolution of the Board of Directors of the Issuer, passed on 8 November 2019, and a Bond Purchase Agreement dated 26 November 2019 among the Issuer and Credit Suisse AG, (the **Lead Manager**), BZ Bank Aktiengesellschaft and Bank J. Safra Sarasin AG (the **Co-Managers**, and together with the Lead Manager, the Syndicate Banks), the Issuer has decided to issue and the Syndicate Banks have decided to purchase the Bonds.

Use of Proceeds

The Group intends to use the net proceeds from the Offering of CHF 218,834,600, after placement commissions and expenses, for general corporate purposes (which may include acquisitions, the repayment of existing debt, dividend payments and share buybacks). None of the Syndicate Banks shall have any responsibility for or be obliged to concern itself with the application of the net proceeds of the issue of the Bonds.

Notice to Investors

The financial institutions involved in the issuance and offering of the Bonds are banks, which directly or indirectly have participated, or will participate, in financing transactions and/or banking business with the Issuer which are not disclosed herein.

Document Incorporated by Reference

The 2018 Annual Report, containing the annual financial statements of the Issuer and the consolidated financial statements of the Group (including the audit reports issued in respect thereof), shall be deemed to be incorporated in, and to form part of, this Prospectus.

Representative

In accordance with Art. 58a of the Listing Rules of the SIX (the **SIX Listing Rules**) Credit Suisse AG has been appointed by the Issuer as representative to lodge the listing application with SIX Exchange Regulation AG.

Documents Available

Copies of this Prospectus and the document incorporated by reference are available free of charge from Credit Suisse AG, Uetlibergstrasse 231, CH-8070 Zurich, Switzerland, or may be obtained upon request by telephone (+41 44 333 28 86), fax (+41 44 333 57 79) or e-mail to newissues.fixedincome@credit-suisse.com. This Prospectus may be downloaded from the Issuer's website https://www.temenos.com/en/about-temenos/investor-relations/listed-bond/ and the document incorporated by reference may be downloaded from the Issuer's website under https://www.temenos.com/wp-content/uploads/2019/07/2018-annual-report-2019-mar-26.pdf.

SECTION 2: TERMS OF THE BONDS

The terms and conditions of the bonds (each a **Condition**, and together the **Terms of the Bonds**) issued by the Issuer, are as follows:

1 Amount and Reopening, Form of the Bonds, Denomination, Custodianship and Transfer of the Bonds

(a) The initial aggregate principal amount of the Bonds of Swiss francs (**CHF**) 220,000,000 (in words: two hundred and twenty million Swiss francs) (the **Aggregate Principal Amount**) is divided into bonds (each a **Bond** and collectively the **Bonds**) with denominations of CHF 5,000 (five thousand Swiss francs) per Bond.

The Issuer reserves the right to reopen (the **Reopening**) and increase the Aggregate Principal Amount at any time and without prior consultation of or permission of the holders of the bonds (the **Holders** and, individually, a Holder) through the issuance of further bonds which will be fungible with the Bonds (i.e. identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate).

(b) The Bonds and all rights in connection therewith are issued as uncertificated securities (*Wertrechte*) in accordance with art. 973c of the Swiss Code of Obligations.

Such uncertificated securities (*Wertrechte*) will then be entered by the Principal Paying Agent into the main register (*Hauptregister*) of SIX SIS or any other intermediary in Switzerland recognized for such purposes by SIX Swiss Exchange (SIX SIS or any such other intermediary, the **Intermediary**). Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities (*Bucheffekten*) (Intermediated Securities) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

(c) So long as the Bonds are Intermediated Securities (*Bucheffekten*), the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee.

(d) The records of the Intermediary will determine the number of Bonds held through each participant of that Intermediary. In respect of Bonds held in the form of Intermediated Securities, the Holders will be the persons holding the Bonds in a securities account (*Effektenkonto*) which is in their name, or in case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Bonds for their own account in a securities account (*Effektenkonto*) which is in their name.

(e) The conversion of the uncertificated securities (*Wertrechte*) into a permanent global certificate (*Globalurkunde*) or individually certificated bonds (*Wertpapiere*) is excluded. Neither the Issuer nor the Holders nor the Principal Paying Agent nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*). No physical delivery of the Bonds shall be made.

2 Interest

The Bonds bear interest from (but excluding) 28 November 2019 (the **Closing Date**) until (and including) the Maturity Date (as defined below) at the rate of 1.50 per cent. of their Aggregate Principal Amount per annum, payable annually in arrears on 28 November of each year (the **Interest Payment Date**), for the first time on 28 November 2020. Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months.

3 Redemption, Purchase and Cancellation

(a) Redemption at Maturity

Unless previously redeemed, the Issuer undertakes to repay all outstanding Bonds at par, without further notice on 28 November 2025 (the **Maturity Date**).

(b) Redemption at the Option of the Issuer

Subject to a period of not less than thirty (30) nor more than sixty (60) days' prior notice to the Principal Paying Agent, the Issuer may redeem the Bonds at any time after the Closing Date and prior to the Maturity Date, in whole, but not in part only, at par of their Aggregate Principal Amount plus accrued interest, if any, on the date determined by the Issuer for early redemption, if eighty-five (85) per cent. or more of the Aggregate Principal Amount have been redeemed or purchased and cancelled at the time of such notice.

(c) Redemption at the Option of the Holders upon **Change of Control**

A A Change of Control occurs when:

(a) an offer to acquire Shares, whether expressed as a public takeover offer, a merger or similar scheme with regard to such acquisition, or in any other way, is made in circumstances where (i) such offer is available to (aa) all holders of Shares, (bb) all holders of Shares other than the offeror and any persons acting in concert with such offeror or (cc) all holders of Shares other than persons who are excluded from the offer by reason of being connected with one or more specific jurisdictions, and (ii) such offer having become or been declared unconditional in all respects, the Issuer becomes aware that the right to cast more than 50% of all the voting rights (whether exercisable or not) of the Issuer has become unconditionally vested in the offeror and any persons acting in concert with the offeror; or

(b) the Issuer consolidates with or merges into any other company, provided that the shareholders of the other company immediately after the consolidation or merger as a result of the consolidation or merger hold more than 50% of all the voting rights (whether exercisable or not) of the Issuer resulting from the consolidation or merger; or

(c) the legal or beneficial ownership of all or substantially all of the assets owned by the Issuer, either directly or indirectly, are acquired by one or more other persons.

B Upon a Change of Control:

the Issuer shall forthwith, or, if it is not clear at that point in time whether the Holders are entitled to exercise their redemption rights pursuant to Condition 3 (c) because the Issuer's rating of at least "BBB" is not yet available, immediately following the receipt of the rating decision of the relevant rating agency or after two months, whatever is earlier, give notice of that fact to the Holders (the **Change of Control Notice**) in accordance with Condition 10. The Change of Control Notice shall:

(a) inform the Holders of their right to require redemption of the Bonds pursuant to Condition 3 (c);

(b) specify the date (the **Change of Control Redemption Date**), being not more than sixty (60) and not less than thirty (30) days after giving such notice, on which the Bonds may be redeemed pursuant to Condition 3 (c); and

(c) provide details concerning the Change of Control.

C Early Redemption at the Option of Holders upon Change of Control

Upon the occurrence of a Change of Control, the Issuer will at the option of a Holder, redeem such Bond at par on, together with interest accrued up to, the Change of Control Redemption Date unless,

(a) in the event of a merger or consolidation of the Issuer, the surviving entity has or receives a rating of at least BBB by Standard & Poor's or the equivalent by Moody's for its senior unsecured long-term debt on a consolidated basis and assumes or keeps, as the case may be, the Issuer's obligations under the Bonds pari passu with its own senior obligations, or

(b) in the event of an offer to acquire Shares, or in the event of a transfer of the legal or beneficial ownership of all or substantially all of the assets owned by the Issuer, the acquirer has a rating of at least BBB by Standard & Poor's or the equivalent by Moody's for its senior unsecured long-term debt or receives such a rating on a consolidated basis after giving effect to the acquisition and assumes or guarantees the Issuer's obligations under the Bonds pari passu with its own senior obligations.

It is understood that where no rating exists for the senior unsecured long term debt of the surviving entity, the acquiring entity or the Issuer, as the case may be, or a rating is not received within a period of two months since the occurrence of a Change of Control, respectively, then the Holders shall have a redemption right as described in the first sentence of this Condition 3 (c).

To exercise such option, a Holder must deliver a duly completed redemption notice in a form satisfactory to the Principal Paying Agent (a **Change of Control Redemption Notice**) and transfer the relevant Bonds to the Principal Paying Agent by not later than fourteen (14) days prior to the Change of Control Redemption Date. No Bond or Change of Control Redemption Notice so deposited may be withdrawn without the consent of the Issuer.

(d) Purchases

The Issuer or any Subsidiary may, either directly or indirectly, at any time purchase Bonds at any price, in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation as set out below.

If purchases are made by public tender, such tender must be available to all Holders alike.

(e) Cancellation

All Bonds which are redeemed or surrendered shall forthwith be cancelled. All Bonds so cancelled cannot be reissued or resold.

(f) Notice

Where the provisions of this Condition 3 provide for the giving of notice by the Issuer to the Principal Paying Agent, such notice shall be deemed to be validly given if made in writing with all required information to the Principal Paying Agent within the prescribed time limit. Such notices shall be announced to the Holders as soon as practicable pursuant to Condition 10. Such notices shall be irrevocable.

4 Payments

The amounts required for payments with respect to the Bonds will be made available in good time in freely disposable CHF which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto. All payments with respect to the Bonds will be made to the Holders in CHF without collection costs. No payments with respect to the Bonds shall be made at any office of the Issuer or any office or counter of the Principal Paying Agent or the Paying Agent outside Switzerland.

The receipt by the Principal Paying Agent of the due and punctual payment of the funds in CHF as above provided shall release the Issuer of its payment obligations under the Bonds to the extent of such payments.

If the Bonds are not redeemed when due, interest shall continue to accrue until (and including) the day when the Bonds are redeemed.

5 Statute of Limitations

In accordance with Swiss law, claims for interest payments shall become time-barred after a period of five (5) years and claims for the repayment or redemption of Bonds after a period of ten (10) years, calculated from their respective due dates.

6 Taxation

All payments in respect of the Bonds are subject to all applicable taxes, including the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*) from interest payments, currently levied at a rate of thirty-five (35) per cent.

7 Status of the Bonds and Negative Pledge

(a) Status

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, rank *pari passu* among themselves and with all other present or future unsecured and unsubordinated obligations of the Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law.

(b) Negative Pledge

So long as any Bond remains outstanding, the Issuer will not, and the Issuer will procure that none of its Material Subsidiaries will, create or have outstanding, any guarantee, mortgage, charge, pledge, lien or other form of encumbrance or security interest other than a Permitted Security upon the whole or any part of its present or future assets or revenues, to secure any Relevant Debt or to secure any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and rateably therewith by such encumbrance or security interest or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be or, (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the Holders' Representative.

8 Events of Default

If any of the following events (each event an **Event of Default**) shall occur, Credit Suisse in its capacity as Holders' representative (the **Holders' Representative**) has the right but not the obligation, on behalf of the Holders, to declare all outstanding Bonds immediately due and repayable at par plus accrued interest:

(a) there is a failure by the Issuer to pay principal and/or interest on any of the Bonds, if and when due and such failure continues for a period of twenty (20) calendar days; or

(b) a default is made in the performance or observance of any material covenant, condition or provision which is to be performed by the Issuer under the Terms of the Bonds and (except where the Holders' Representative certifies in writing that, in its opinion, such default is not capable of remedy, when no such notice or continuation as is mentioned below shall be required) such default continues for a period of twenty (20) calendar days following the service by the Holders' Representative on the Issuer, of notice requiring such default to be remedied; or

(c) any other present or future indebtedness of the Issuer or a Material Subsidiary for or in respect of monies borrowed is not paid when due (otherwise than, where permitted under the terms of the relevant indenture or agreement, at the option of the relevant debtor) or, as the case may be, within any applicable grace period, or becomes due and payable prior to its stated maturity as a result of an event of default (howsoever described), or any security in respect of any such indebtedness becomes enforceable or any guarantee of, or indemnity in respect of such indebtedness given by the Issuer or a Material Subsidiary is not honored when due and called upon or, as the case may be, within any applicable grace period, provided that no such event shall be taken into account for the purposes of this para. (c) unless such indebtedness, either alone or when aggregated with other indebtedness subject to such events which shall have occurred and are continuing shall at any time equal or exceed the amount of at least CHF 30,000,000 or its equivalent in any other currency or currencies (calculated on the basis of the middle spot rate for the relevant currency against CHF as quoted by any leading bank at the place of payment of such debt on the day on which this para. operates); or

(d) any guarantee, mortgage, lien or other encumbrance, present or future, created or assumed by the Issuer or a Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person but not the serving of a payment order (*Zahlungsbefehl*)) provided that the aggregate amount of the relevant indebtedness in respect of which such guarantee, mortgage, lien or other encumbrance was created or permitted to subsist equals or exceeds CHF 30,000,000 or its equivalent in any other currency or currencies (calculated on the basis of the middle spot rate for the relevant currency against CHF as quoted by any leading bank at the place of payment of such debt on the day on which this para. operates), and any such steps taken are not abandoned or discontinued within twenty (20) calendar days of being taken; or

(e) the Issuer or a Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes a stay of execution, a postponement of payments (*Stillhaltevereinbarung*), a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium or postponement of payments (*Stillhaltevereinbarung*) is agreed or declared in respect of or affecting all or a substantial part of (or a particular type of) the debts of the Issuer or a Material Subsidiary; or

(f) the Issuer or a Material Subsidiary alters its legal or commercial structure through bankruptcy, liquidation, disposal of all or substantially all of its assets, change in the objects of the legal entity and/or commercial activities or merger, in so far as the relevant action, in the Holders' Representative's opinion, has a material adverse effect on the capacity of the Issuer to meet its obligations under the Terms of the Bonds, unless the Holders' Representative considers the situation of the Holders as adequately protected based on securities created or other steps taken by the Issuer; or

(g) a dissolution or merger involving the Issuer as result of which the Issuer is not the surviving legal entity, unless the successor legal entity assumes all the Issuer's liabilities in respect of the Bonds.

The Issuer undertakes to inform the Holders' Representative without delay if any event mentioned under para. (b) through (g) has occurred and to provide the Holders' Representative with all necessary documents and information in connection therewith.

If an Event of Default occurs, the Holders' Representative has the right but not the obligation to serve a written notice of default (**Default Notice**), such notice having the effect that the Bonds shall become immediately due and payable at the Aggregate Principal Amount plus accrued interest, if any, on the day the Default Notice is given.

Upon the occurrence of an Event of Default, the Holders' Representative may invite the Holders in accordance with art. 1157 seq. of the Swiss Code of Obligations to a Holders' meeting for the taking of a resolution on the serving of a Default Notice, provided the Holders' Representative has not served such Default Notice itself. The legally valid resolution of the Holders' meeting to serve a Default Notice, shall replace the right reserved by the Holders' Representative according to these Terms of the Bonds to serve a Default Notice on behalf of the Holders. If the Holders' meeting votes against the serving of a Default Notice, the right to serve such Default Notice shall revert to the Holders' Representative whereby the Holders' Representative shall not be bound by the resolution of the Holders' meeting if and to the extent that new circumstances arise or become known which require a revised assessment of the facts.

9 Substitution of the Issuer

The Issuer may, without the consent of the Holders, at any time substitute itself in respect of all rights and obligations arising under or in connection with the Bonds with any Swiss legal entity of which all shares carrying voting rights are directly or indirectly held by the Issuer (the **New Issuer**), provided that:

(a) the New Issuer is in the opinion of the Holders' Representative in a position to fulfill all payment obligations arising from or in connection with the Bonds, and

(b) the Issuer has issued an irrevocable and unconditional guarantee as per art. 111 of the Swiss Code of Obligations in respect to the obligations of the New Issuer under the Bonds in form and content satisfactory to the Holders' Representative.

In the event of a substitution of the Issuer, notice of such substitution shall be made in accordance with the provisions of Condition 10 and any reference to the Issuer shall be deemed to refer to the New Issuer.

10 Notices

All notices regarding the Bonds shall be published by Credit Suisse on behalf and at the expense of the Issuer (i) on the internet site of SIX Swiss Exchange (where notices are currently published under the address: www.six-exchange-regulation.com/en/home/publications/official-notices.html) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange.

11 Listing

Application will be made for the admission to trading and listing of the Bonds on the SIX Swiss Exchange for the whole duration of the Bonds.

12 Governing Law and Jurisdiction

The Terms of the Bonds and the Bonds shall be governed by and construed in accordance with the substantive laws of Switzerland (i.e. without regard to the principles of conflict of laws).

Any dispute which might arise based on the Terms of the Bonds and the Bonds shall be settled in accordance with Swiss law and shall fall within the exclusive jurisdiction of the courts of the city of Zurich, and if permitted, the Commercial Court of the Canton of Zurich, the place of jurisdiction being Zurich 1.

13 Amendment to the Terms of the Bonds

The Terms of the Bonds may be amended by agreement between the Issuer and the Holders' Representative provided that in the sole opinion of the Holders' Representative, such amendment is of a formal, minor or technical nature, is made to correct a manifest error and is not prejudicial to the interests of the Holders. Notice of any such amendment shall be published in accordance with Condition 10.

14 Role of Credit Suisse

Credit Suisse has been appointed by the Issuer as the Principal Paying Agent and as the Listing Agent with respect to the Bonds and it will or may also act on behalf of or for the benefit of the Holders as Holders' Representative, but only in such cases stated explicitly in these Terms of the Bonds. In any other cases, the Holders' Representative is not obliged to take or to consider any actions on behalf of or for the benefit of the Holders.

15 Severability

If at any time one or more of the provisions of the Terms of Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

16 Definitions

Business Day means any day (other than Saturday or Sunday) on which banks are open the whole day for business in Zurich.

Credit Suisse means Credit Suisse AG, Paradeplatz 8, 8001 Zurich, Switzerland (P.O. Box, 8070 Zurich, Switzerland).

Issuer means Temenos AG, 2 Rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland.

Listing Agent means Credit Suisse, appointed as recognized representative pursuant to art. 43 of the listing rules of the SIX Swiss Exchange to file the listing application (including the application for provisional admission to trading) for the Bonds with the SIX Swiss Exchange.

Material Subsidiary means, so long as any of the Bonds are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, any operating Subsidiary whose assets, net revenues, operating profit or profit after tax at any time, represent 10 (ten) per cent. or more of the consolidated assets, the consolidated net revenues, the consolidated operating profit or profit after tax, as the case may be, of the Issuer and its consolidated Subsidiaries at any time (as the case may be), and for this purpose:

(a) the assets, net revenues, operating profit and profit after tax of any such Subsidiary shall be ascertained by reference to:

   (i) the financial statements of such Subsidiary at the date to which the last audited consolidated financial statements of the Issuer and its consolidated Subsidiaries have been prepared;

   (ii) if such body corporate becomes a Subsidiary of the Issuer after that date, the latest financial statements of such Subsidiary adjusted to take into account subsequent acquisitions and disposals or other changes in circumstances;

(b) the consolidated assets, consolidated net revenues, consolidated operating profit and profit after tax of the Issuer shall be ascertained by reference to the last audited consolidated financial statements of the Issuer and its consolidated Subsidiaries; and

(c) once a Subsidiary has become a Material Subsidiary, it shall be considered as such until it has been demonstrated to the satisfaction of the Holders' Representative that it has ceased to be a Material Subsidiary, a written report from the Issuer's auditors to this effect being sufficient for this purpose.

Paying Agent means BZ Bank Aktiengesellschaft, Egglirain 15, 8832 Wilen, Switzerland.

Permitted Security means a security (and any security created in substitution for any such security) in the form of any guarantee, mortgage, charge, pledge, lien or other form of encumbrance or security interest relating to the financing, refinancing or the acquisition of any specified asset or assets, but only to the extent that such security secures obligations arising from the financing, refinancing or acquisition of such specified assets.

Principal Paying Agent means Credit Suisse in its function as principal paying agent.

If, at any time during the life of the Bonds, the Principal Paying Agent shall resign or become incapable of acting as Principal Paying Agent or as Holders' Representative as contemplated by these Terms of the Bonds or shall be adjudged bankrupt or insolvent, the Principal Paying Agent may be substituted by a duly licensed major Swiss bank or Swiss branch of a major foreign bank chosen by the Issuer. In the event of such a replacement of the Principal Paying Agent, all references to the Principal Paying Agent shall be deemed to refer to such replacement.

Relevant Debt means any present of future indebtedness of the Issuer or a Material Subsidiary represented or evidenced by, notes, bonds, debentures, loan stock or other securities which for the time being are or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange, over-the-counter market or other securities market.

Shares means the issued and fully paid registered shares of the Issuer (and all other (if any) shares or stock resulting from any subdivision, consolidation or reclassification of such shares).

SIX SIS means SIX SIS Ltd, the Swiss clearing and settlement organisation, Baslerstrasse 100, 4600 Olten, Switzerland or any successor organisation accepted by the SIX Swiss Exchange.

SIX Swiss Exchange means SIX Swiss Exchange Ltd, Pfingstweidstrasse 110, P.O. Box, 8021 Zurich, Switzerland or any successor organisation.

Subsidiary means a legal entity of the Issuer the financial statements of which are, in accordance with applicable law or generally accepted accounting principles, consolidated with those of the Issuer.

SECTION 3: INFORMATION ON THE ISSUER

The Company

General Information

The Issuer is TEMENOS AG. It was formed as a corporation (*Aktiengesellschaft*) with limited liability under the laws of Switzerland on 5 June 2001 and was registered in the Commercial Register of the Canton of Glarus on 7 June 2001. The Issuer is now registered in the Commercial Register of Geneva (Reg. No. CHE-109.066.419) since 2006 and it has its legal domicile at 2, rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland. The duration of the Company is unlimited.

Articles of Association

The articles of association of the Issuer are dated 15 May 2019.

Business Purpose

The purpose of the Issuer pursuant to article 2 of its articles of association is to acquire, hold, manage and sell participations in other companies and businesses.

Group Structure

The Issuer is the ultimate holding company of the Group. For information on the Group structure, see pages 95–97 and 151–152 of the 2018 Annual Report incorporated by reference herein.

Auditors

The Issuer's auditors PricewaterhouseCoopers SA, Avenue Giuseppe Motta 50, 1211 Geneva, Switzerland, were re-elected as statutory auditors at the annual general meeting of shareholders of 15 May 2019, for a period of one year and have been the statutory auditors since their election at the June 2003 annual general meeting of shareholders.

Business

TEMENOS is a leading provider of integrated software to banks and other financial institutions worldwide. TEMENOS' software enables its clients – including commercial, private and retail banks, asset managers, brokers and other financial institutions – to manage and process in real time all transactions across the business.

TEMENOS develops, markets, implements and supports its mission-critical solutions from its headquarters in Geneva and 68 additional offices in 40 countries throughout the world. Its systems are currently installed at more than 3,000 live sites in over 150 countries.

TEMENOS' products manage key front, middle and back-office activities, including treasury and investment, retail, private, corporate and commercial banking (including e-banking), fund and asset management, trade finance and risk management. The Group's software solutions are designed for flexibility, with architectures that enable clients to purchase additional product modules as their needs evolve. Because it is fully scalable, TEMENOS' software can be deployed on a site-by-site basis or enterprise-wide. The Group's solutions provide value for customers by enabling them to scale, control costs, manage risks and to address their digital needs.

TEMENOS believes that high quality and long-term client implementation and support services are a critical requirement for continued growth and customer loyalty. TEMENOS supports its clients through its own services organization and through strategic alliances with IT service providers and systems integrators.

TEMENOS' clients include banks and other financial institutions of all sizes throughout the world, from 'Tier 1' global institutions to small regional banks. Current representative clients include Nordea, Bank of Ireland, Standard Chartered Bank, ABN Amro, BANESCO, Julius Baer, SinoPac, Swissquote and Open Bank, the digital bank of Santander Group.

SECTION 3: INFORMATION ON THE ISSUER

The ordinary shares of TEMENOS AG have been listed on the main segment of the SIX Swiss Exchange since June 2001 under the symbol TEMN.

Legal Proceedings

The Group is not a party to any court, arbitral or administrative proceedings, the adverse outcome of which the Group expects would, individually or in the aggregate, have a material adverse effect on the Group's business, operating results or financial condition, nor is the Group aware of any such proceedings pending or threatened.

Corporate Information

Board of Directors

- Andreas Andreades, Executive Chairman
- Sergio Giacoletto-Roggio, Non-executive and Independent Director, Vice-Chairman
- George Koukis, Non-executive Director
- Ian Cookson, Non-executive and Independent Director
- Erik Hansen, Non-executive and Independent Director
- Thibault de Tersant, Non-executive and Independent Director
- Amy Yip, Non-executive and Independent Director
- Peter Spenser, Non-executive and Independent Director

Members of the Executive Committee

- Max Chuard, Chief Executive Officer
- Takis Spiliopoulos, Chief Financial Officer
- Jean-Michel Hilsenkopf, Chief Operating Officer
- Mark Winterburn, Chief Product Officer
- André Loustau, Chief Technology Officer
- Alexa Guenoun, Chief Client Officer
- Thomas E. Hogan, President of North America

Business Address

The business address of the members of the Board of Directors and the Executive Committee of the Issuer is at 2, rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland.

SECTION 3: INFORMATION ON THE ISSUER

Capital Structure

Capital

As of the date hereof, the registered ordinary capital amounted to CHF 355,221,335, consisting of 71,044,267 registered shares, each with a par value of CHF 5.00. All the shares are fully paid-in. Each recorded share entitles its holder to one vote.

Authorised and conditional capital

Authorised capital

Article 3ter para. 1 of the Articles of Association authorises the Board of Directors to increase the share capital by a maximum aggregate amount of CHF 35,500,000.00 through the issuance of a maximum of 7,100,000 fully paid-in registered shares with a par value of CHF 5.00 per share. An increase in partial amounts is permitted. This power expires on 15 May 2021.

The Board of Directors shall determine the date of issue of such new shares, the issue price, type of payment, conditions of exercising pre-emptive rights, and the beginning of the dividend entitlement. The Board of Directors may issue new shares by the means of a firm underwriting by a banking institution or syndicate with subsequent offer of those shares. The Board of Directors may allow the expiry of pre-emptive rights which have not been exercised or it may place these rights as well as shares, the pre-emptive rights for which have not been exercised, at market conditions.

The Board of Directors is authorized to restrict or withdraw the pre-emptive and the advance subscription rights of existing shareholders and allocate them to third parties if (i) the shares are to be used for the take-over of another company or enterprise, of parts of an enterprise or of participations or for the financing of such transactions; or if (ii) the shares are to be used for the purpose of expanding the scope of shareholders in connection with the quotation of shares on national and foreign stock exchanges.

Conditional capital for employee participation

Pursuant to Article 3^{quater} para. 1 of the Articles of Association, the Company's share capital shall be increased by a maximum aggregate amount of CHF 34,028,285.00, through the issuance of a maximum of 6,805,657 registered shares, which shall be fully paid-in, with a par value of CHF 5.00 each, through the exercise of rights that the direct or indirect subsidiaries of the Company (the **Subsidiaries** and each, a **Subsidiary**) or the Company itself may grant to officers, directors and employees at all levels of the Company and Subsidiaries. The pre-emptive rights as well as the right for advance subscription of existing shareholders are precluded.

The issue of shares or respective option rights through the Subsidiaries or through the Company, to officers, directors and employees of the Company and the Subsidiaries, is subject to one or more regulations to be issued by the Board of Directors on the basis of the following general rules: (i) new shares may only be issued to the Subsidiary or to the Company for purposes of distribution to directors, officers or employees of the Company and the Subsidiaries; (ii) new shares to be issued through the Subsidiaries or through the Company to employees of the Company or the Subsidiaries shall be issued against payment of the par value of CHF 5.00 per each share in cash.

Conditional capital for financial instruments

Pursuant to Article 3^{quater} para. 2 of the Articles of Association, the share capital may be increased by an amount not exceeding CHF 33,039,520.00, by issuing up to 6,607,904.00 new registered shares to be fully paid-in with a nominal value of CHF 5.00 each, to be divided as follows: first, in the amount of CHF 8,386,120.00, that is 1,677,224 new registered shares, through exercise of conversion and/or option rights, which are granted in connection with bonds or similar obligations or other financial instruments of the Company or one of its Subsidiaries, and second, in the amount of CHF 24,653,400.00, that is 4,930,680 new registered shares, by the exercise of option rights which are granted by the Company or one of its Subsidiaries to existing shareholders or third parties. In the case of the issue of bonds, similar obligations, or other financial instruments linked with conversion and/or option rights, and in the case of the issuance of option rights, the pre-emptive right of shareholders is excluded. The owners of conversion or option rights from time to time are entitled to the new shares.

The conditions of the option rights, including exercise period and exercise price, are to be determined by the Board of Directors, whereby the exercise price may be fixed at a price lower than the market or intrinsic value. The Board of Directors shall be authorized to restrict or exclude the advance subscription rights of shareholders (i) if debt issues in connection with conversion rights or warrants or other financial instruments or options issues are for the purpose of financing or refinancing of the acquisition of an enterprise, parts of an enterprise, or participations or new investments, or (ii) if such debt or other financial instruments or options are issued on the international capital markets and for the purpose of a firm underwriting by a banking institution or a consortium of banks with a subsequent offering to the public or (iii) if such debt or other financial market instruments or options are issued for the purpose of the participation of strategic partners. In such case, the following shall apply: the terms and conditions of the convertible bonds or warrants or other financial instruments or options shall correspond to market conditions (including dilution protection provisions in accordance with market practice), taking into account the specific situation, and the new shares shall be issued pursuant to the relevant conversion or exercise rights in connection with bond or warrant or options issuance conditions. Conversion rights may be exercised during a maximum ten (10)-year period, and warrants or options may be exercised during a maximum seven (7)-year period, in each case from the date of the respective issuance.

Shares

All equity securities of TEMENOS AG are in the form of registered shares, each with a par value of CHF 5.00. Each share confers the right to one vote at the annual general meeting of shareholders and all shares are fully and equally entitled to receive dividends.

Treasury Shares

As of 31 October 2019, the Issuer held 1,804,267 of its own Shares.

Convertible bonds and options outstanding

The Issuer has no outstanding convertible bonds. For information on the Issuer's outstanding options and bonds, please see page 164 of the Annual Report 2018 of the Issuer incorporated by reference herein.

Publications and Notices

The publication instrument of the Issuer is the Swiss Official Gazette of Commerce.

Notices to the Bondholders will be made in accordance with the Terms of the Bonds.

Dividends

In 2015, for the business year 2014, a dividend of CHF 0.40 per share was paid.

In 2016, for the business year 2015, a dividend of CHF 0.45 per share was paid.

In 2017, for the business year 2016, a dividend of CHF 0.55 per share was paid.

In 2018, for the business year 2017, a dividend of CHF 0.65 per share was paid.

In 2019, for the business year 2018, a dividend of CHF 0.75 per share was paid.

SECTION 3: INFORMATION ON THE ISSUER

Recent Developments

16 October 2019: TEMENOS announces strong Q3 2019 SaaS ACV growth of 164%; total software licensing growth of 15% in Q3 and 20% YTD.

Weaker than expected sales execution in the Middle East & Africa impacted licensing revenues in the third quarter 2019. This has been addressed by the Issuer and results are expected to materialize in the first half of 2020.

For further information on the third quarter 2019, please refer to the Temenos AG Third Quarter 2019 Press Release included herein as Annex C.

25 September 2019: TEMENOS completes acquisition of Kony, the US #1 digital banking SaaS company to accelerate Temenos Infinity and its US strategy. For further information, please refer to the Press Releases included herein as Annex B.

Additional information on recent developments can be found in the Temenos AG Interim Report 2019 included herein as Annex A.

Material Change

Other than as described in this Prospectus, since 30 June 2019, there were no significant changes in the business activities and prospects of the Company or of the Group, including in their assets, liabilities, financial position, or profits and losses.

SECTION 4: TAXATION

Swiss Taxation

The following discussion is a summary of certain material Swiss tax considerations relating to the Bonds. The discussion bases on legislation as of the date of this Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Bonds. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Bonds (or options embedded therein) in light of their particular circumstances.

Swiss Federal Withholding Tax

(i) Deduction

Payments of interest on the Bonds (as well as potential issue discount or repayment premium) are subject to Swiss withholding tax at a rate of currently 35 per cent. Neither the Issuer nor any paying agent nor any other person will pursuant to the Terms of the Bonds be obliged to pay additional amounts with respect to Bonds as a result of the deduction or imposition of such withholding tax.

(ii) A holder of a Bond who resides in Switzerland and who at the time a taxable payment on the Bond is due is the beneficial owner of the taxable payment and, in the case of a holder who is an individual holding the Bond privately, duly reports the gross taxable payment in his or her tax return, and, in the case of a holder who is a legal entity, or who is an individual, holding the Bond as part of a business situated in Switzerland, for which he or she is required to keep accounting books, includes such payment as earnings in the income statement, should be entitled to a full refund of or a full tax credit for the Swiss withholding tax, provided that certain other conditions are met.

A holder of a Bond who is resident outside Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland may be able to claim a full or partial refund of the Swiss withholding tax by virtue of the provisions of a double taxation treaty, if any, between Switzerland and the country of residence of the holder.

Swiss Federal Stamp Taxes

The issuance of the Bonds is neither subject to Swiss issue stamp tax (*Emissionsabgabe*) nor Swiss securities transfer stamp tax (*Umsatzabgabe*). The purchase or sale of the Bonds, whether by Swiss resident or non-Swiss resident investors is subject to Swiss securities transfer stamp tax (*Umsatzabgabe*) at a current rate of up to 0.15 per cent. calculated on the purchase price or sales proceeds if a Swiss securities dealer for purposes of Swiss securities transfer stamp tax (*Umsatzabgabe*), in particular a Swiss or Liechtenstein bank, is involved as party or an intermediary to the transaction and no exemption applies.

Automatic Exchange of Information in Tax Matters

Switzerland has concluded a multilateral agreement with the European Union (**EU**) on the international automatic exchange of information (**AEOI**) in tax matters. The agreement applies to all 28 EU member states and Gibraltar and certain other jurisdictions. Also, Switzerland has entered into the multilateral competent authority agreement on the automatic exchange of financial account information (**MCAA**), and based on the MCAA, a number of bilateral AEOI agreements with other countries.

Based on such agreements and the implementing laws of Switzerland, Switzerland exchanges data in respect of financial assets held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland, including, as the case may be, Bonds, for the benefit of individuals resident in a EU member state or other treaty state.

SECTION 4: TAXATION

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons (within the meaning of FATCA) with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On 8 October 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Federal Tax Administration, which in turn provides the information to the U.S. tax authorities.

Temenos AG Interim Report 2019

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DIGITAL BANKING
RELOADED

INTERIM REPORT 2019

Temenos AG

TEMENOS

Welcome

WHAT'S **INSIDE** THIS REPORT

OUR VISION

To provide financial institutions, of any size, anywhere in the world, the software to thrive in the digital banking age

HOW WE ACHIEVE IT

We do this by building, delivering and supporting the world's best packaged, continuously upgradeable end-to-end banking software which is both cloud native and cloud agnostic; through design led thinking, we orchestrate all our customers' touchpoints to create a frictionless customer journey

500m

end customers rely on Temenos software

150+

countries with Temenos clients

3,000+

financial institutions use Temenos software

TEMENOS IS THE BANKING SOFTWARE COMPANY

Read more on our website

Read more on our website
www.temenos.com

OVERVIEW

IFRS FINANCIAL STATEMENTS (UNAUDITED)

Highlights of H1 2019

TOTAL SOFTWARE LICENSING

H1 2019	USD 183.4m
H1 2018	USD 153.3m

+20%

MAINTENANCE

H1 2019	USD 171.6m
H1 2018	USD 153.6m

+12%

TOTAL REVENUE

H1 2019	USD 441.9m
H1 2018	USD 378.9m

+17%

EBIT MARGIN

H1 2019	27.7%
H1 2018	26.2%

24%

EARNINGS PER SHARE

H1 2019	USD 1.32
H1 2018	USD 1.09

21%

LTM CASH CONVERSION

H1 2019	110%
H1 2018	107%

110%

H1 2019 NON-IFRS FINANCIAL HIGHLIGHTS

- Total software licensing growth of 20%
- Maintenance growth of 12%
- Total Group revenue growth of 17%
- EBIT margin of 27.7%, up 1.5 percentage points
- EPS of USD 1.32, up 21%
- Cash flow of USD 132 million, up 17%
- LTM cash conversion of 110%, with DSOs down to 110 days
- Dividend of CHF 0.75 per share, totaling USD 52 million, paid to shareholders.

H1 2019 OPERATIONAL HIGHLIGHTS

- Strong performance across all KPIs in H1 2019
- Benefiting from six drivers of growth across core banking, front office, payments, wealth, fund administration and SaaS
- Digital, regulatory and cost pressures and move to open banking continue to drive market growth
- Recognized as the leading vendor in a winner takes all market
- Acquisitions of hTrunk and Logical Glue in H1 2019 expanding our data, analytics and AI capabilities
- 42 implementation go-lives in the first half of 2019 supported by ecosystem of over 5,000 third party Temenos consultants
- Strength of H1 activity and sales momentum driving confidence for 2019
- Continued investment in sales and marketing to support our six drivers of growth.

Our market opportunity

A GLOBAL OPPORTUNITY

Region	OFFICES IN THE REGION	TOTAL REVENUE*	TOTAL SOFTWARE LICENSING REVENUE*
EUROPE 	22	43%	43%
ASIA PACIFIC 	19	19%	19%
AMERICAS 	15	23%	26%
MIDDLE EAST AND AFRICA 	8	15%	12%

* For Half Year 2019.

KEY INDUSTRY TRENDS

A number of technology trends are driving change across the banking landscape and influencing the approach banks take to their IT renovation.

CLOUD

The use of remote computing resources to host software and data is driving down the total cost of ownership and reducing risk for incumbents as well as lowering barriers to entry for new entrants to banking.

BIG DATA

Banks have vast quantities of uniquely valuable data on their customers, however they are only just starting to use analytics to leverage this as a competitive advantage. Banks have the potential to improve customer service, increase product penetration and reduce risk.

AI/MACHINE LEARNING

The move to utilizing AI and Machine Learning in both interacting with customers, for example through robo-advisors and chat bots, and in risk and compliance, improves customer service and satisfaction whilst also reducing cost and risk.

BLOCKCHAIN

The rise of new technologies such as distributed ledgers may present an important opportunity for banks in the future. Banks need to ensure they are using modern, open IT platforms in order to take advantage of emerging technologies.

APIs

The move to Open Banking is both a risk and an opportunity for banks. There is increasing pressure on banks to support interfaces that allows third parties to access their customer data, equally banks with modern, open IT platforms are better able to take advantage of third party innovation to improve their customer service.

MOBILE

Banking has seen exponential growth in the number of interactions and transactions taking place through mobile devices. Banks need to ensure they can provide their customers a complete banking service with minimal friction. Those banks with the best mobile service will be able to better attract, retain and cross-sell products to their clients.

Our investment case

WHAT MAKES TEMENOS UNIQUE

WE BELIEVE THAT THERE ARE FIVE KEY AREAS THAT MAKE TEMENOS UNIQUE

SAME SOFTWARE, ANY BANK, ANYWHERE IN THE WORLD

Software

We supply the same software to all of our clients – regardless of their size and location. There are optional modules within this which a bank can choose from, but we produce the same software for all our clients.

PACKAGED, INTEGRATED & INDEPENDENT

Product

We make our products packaged, integrated and upgradeable. Our products are designed to work separately and together and, once installed, be upgraded as new versions of the software are released. This means that our clients benefit from our ongoing investment in the product which has created the richest banking functionality in the market.

STABLE BUSINESS MODEL; COMMITTED COMMUNITY

Stability

Temenos has a stable business model, shown in the strength of our financial results and also by the long tenure of the management team. We benefit from a strong and committed ecosystem of Partners working closely with us.

CONTINUOUS & FASTER DEPLOYMENT

Implementation

With advanced and automated tools and methodology, the testing and deployment of change means banks can reduce their release cycles from months to hours enabling them to roll-out new applications at speed. Temenos invests both in its own staff and implementation tooling, as well as working with its Partners to build a large ecosystem of implementation capability outside of the Group.

RELENTLESS FOCUS ON INNOVATION

Innovation

Temenos has a long history of investing in its products. This has ensured our position as the leading solution in our sector and, together with the upgradeability, means that clients can continue to enjoy the benefits of our industry leading investment in the future.

Industry recognition

A MARKET LEADER

Gartner[1]
- Recognized as a Leader for the 10th consecutive time in 'Magic Quadrant for Global Retail Core Banking.'

Forrester[2]
- Leader in Forrester Wave for global digital banking platforms and digital banking engagement platforms.
- Classed "Global Power Seller" for new business for the 13th consecutive year and "Top Global Player" for new and existing business deals for 7th consecutive year.

Ovum[3]
- "Market Leader" in core banking and "Market Leader" in digital banking platforms.
- "Market Challenger" in Anti-Financial Crime solutions.

IBS Intelligence[4]
- Ranked bestselling core banking system for the last eight years and top two positions for the past 20 consecutive years.
- Ranked bestselling digital banking and channels system.

Celent[5]
- Awarded '2018 XCelent Award' for Client Service and Client Base' for CRM Technology Vendors for Wealth management.

International Data Corporation[6]
- Recognized as a 'Leader' for Know Your Customer (KYC) Solutions in Financial Services and as a 'Major Player' for Anti-Money Laundering (AML) Solutions in Financial Services. Recognized as a Leader in global core banking, European mobile banking and wealth management front and middle office.

FS Tech Awards 2018[7]
- Awarded "Payment Innovation of the Year".

10th

Recognized as a Leader ten consecutive times[1] in Gartner Magic Quadrant for Global Retail Core Banking

13yrs

Classed "Global Power Seller" for new business[2]

8yrs

Ranked best selling core banking system[4]

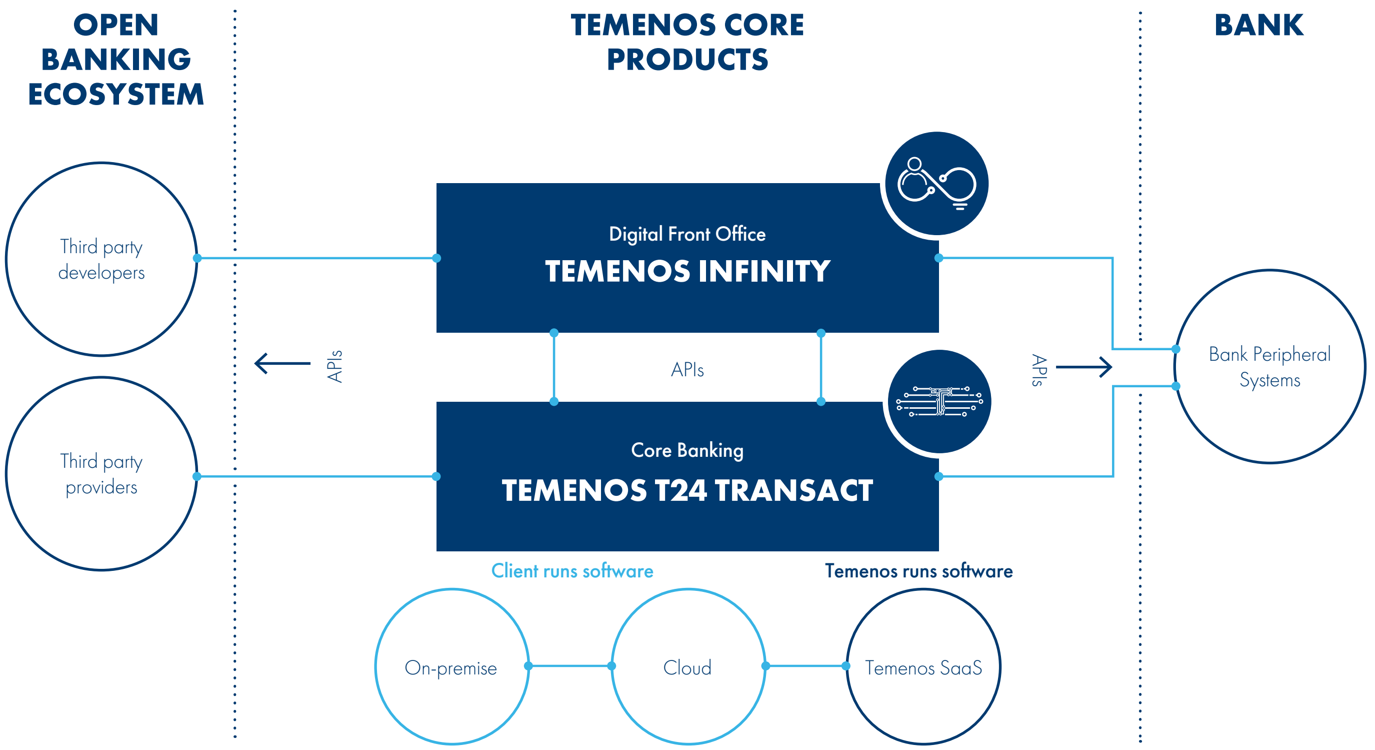
1 The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Interim Report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

Gartner, 'Magic Quadrant for Global Retail Core Banking', Gartner, Vittorio D'Orazio, Don Free, July 2019.

Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Software

COMPREHENSIVE, **CLOUD NATIVE,** CLOUD AGNOSTIC



Temenos' software solutions are centered around two main packages; Temenos Infinity and Temenos T24 Transact.

Both of these are available as independently deployable solutions, together with several other more specialist packages described in the following pages. Their value to clients is, however, increased when they are deployed together to form and end-to-end digital banking solution. All of the software solutions enjoy the benefit of continuing functional investment by Temenos, ensuring that Temenos' clients can access the latest banking functionality as well as the legacy of many years of functional enhancements which have been packaged into the products.

All of Temenos' software packages can be deployed natively on the main commercial cloud platforms; this means that they take the full benefit of the lower operating costs and elastic scalability of these services, as well as enjoying in-built operational resilience. They are also available on a continuous deployment basis which enables banks to reduce the cost of implementation and maintenance by the use of modern DevOps approaches and technology, as well as making it faster for banks to deploy innovations into their live operating environments and hence to enjoy a shorter time to market.

TEMENOS INFINITY

Temenos Infinity is an independent digital banking solution which focuses on customer engagement across all channels by means of an integrated "conversational banking" customer engagement module, cutting edge digital customer acquisition and onboarding functionality and an integrated product origination capability.

It can be deployed on any combination of back office systems by means of its open API framework and definitions in a quick and cost effective manner, allowing access to all of the underlying product manufacturing and servicing capabilities which those platforms offer. Even greater benefit can be gained when the solution is deployed with Temenos T24 Transact as the bank can then make use of the end-to-end product design and distribution capabilities to gain large benefits in the areas of customer insight and new product go-to-market agility.

TEMENOS T24 TRANSACT

Temenos T24 Transact is the market leading core banking solution which incorporates the broadest and deepest set of functionality available in the market. Temenos has invested in expanding the functionality of the product for over 25 years which, when allied with policy of producing standard packaged software, provides a functional footprint which is without parallel in the industry.

This functional richness is further supported by an extensive set of country model banks. This combination of global product capability, off-the-shelf regional functionality and the underlying flexibility of the product enables banks to implement the solution in a cost effective manner and to continue to innovate, and to deploy these innovations, at speed and on an efficient economic basis. The cloud native and cloud agnostic capabilities which underpin the product also enable banks to operate it at scale in an elastic and agile manner.

Our solutions

SOLUTIONS

Temenos software forms an end-to-end digital banking solution which is cloud native and cloud agnostic. It is comprehensive in its coverage and includes a huge depth and breadth of functionality.

PRODUCTS

Temenos organizes its products into six key areas reflecting the needs of its customers.

TECHNOLOGY

Technology is strategy. We say this because our Technology products and frameworks make banks more agile, competitive and profitable, and help them thrive in complex, margin-pressured environments.

SECTORS

Temenos offers software solutions to banks and financial institutions of all types and sizes.

Overview of IFRS vs Non IFRS

	Non-IFRS			IFRS		
USDm, except EPS	H1 2019	H1 2018	**Change**	H1 2019	H1 2018	**Change**
Software licensing	155.8	137.6	**13%**	155.8	137.6	**13%**
SaaS and subscription	27.6	15.7	**76%**	25.4	15.6	**63%**
Total software licensing	**183.4**	**153.3**	**20%**	**181.2**	**153.2**	**18%**
Maintenance	171.6	153.6	**12%**	171.6	153.6	**12%**
Services	86.9	72.1	**21%**	86.9	72.1	**21%**
Total revenues	**441.9**	**378.9**	**17%**	**439.7**	**378.8**	**16%**
EBIT	**122.6**	**99.1**	**24%**	**92.4**	**72.7**	**27%**
EBIT margin	27.8%	26.2%	**2% pts**	21.0%	19.2%	**2% pts**
EPS (USD)	**1.32**	**1.09**	**21%**	**0.96**	**0.69**	**39%**

To ensure that the presentation of results reflects the underlying performance of the business, Temenos publishes its key metrics on a non-IFRS basis as well as on an IFRS basis. For transparency purposes, Temenos also publishes full reconciliations between IFRS and non-IFRS measures. Full definitions of non-IFRS adjustments can be found below.

NON-IFRS ADJUSTMENTS:

Deferred revenues (Contract liabilities) adjustments
Adjustments made resulting from acquisitions.

Discontinued activities
Discontinued operations at Temenos that do not qualify as such under IFRS.

Acquisition related charges
Relates mainly to advisory fees, integration costs and earn-outs.

Amortization of acquired intangibles
Amortization charges as a result of acquired intangible assets.

Restructuring
Costs incurred in connection with a restructuring plan implemented and controlled by management. Severance charges, for example, would only qualify under this expense category if incurred as part of a company-wide restructuring plan.

Taxation
Adjustments made to reflect the associated tax charge relating to the above items.

RECONCILIATION FROM IFRS EBIT TO NON-IFRS EBIT

USDm	H1 2019	H1 2018
IFRS EBIT	92.4	72.7
Deferred revenue write-down	2.2	0.1
Amortization of acquired intangibles	24.7	19.1
Restructuring	2.8	2.4
Acquisition-related charges	0.6	4.8
Non-IFRS EBIT	122.6	99.1

Readers are cautioned that the supplemental non-IFRS information presented is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies.

IFRS FINANCIAL STATEMENTS

IFRS FINANCIAL STATEMENTS (UNAUDITED)

Consolidated statement of profit or loss (condensed)

For the six months ended 30 June
Unaudited

	2019 USD 000	2018* USD 000
REVENUES		
Software licensing	155,776	137,625
SaaS & subscription	25,417	15,564
Total software licensing	**181,193**	**153,189**
Maintenance	171,596	153,556
Services	86,938	72,094
Total revenues	**439,727**	**378,839**
OPERATING EXPENSES		
Cost of sales	(122,221)	(105,441)
Sales and marketing	(81,603)	(69,975)
General and administrative	(47,471)	(49,463)
Other operating expenses	(96,072)	(81,291)
Total operating expenses	**(347,367)**	**(306,170)**
Operating profit	**92,360**	**72,669**
Finance costs – net	(9,685)	(13,954)
Profit before taxation	**82,675**	**58,715**
Taxation	(13,093)	(8,599)
Profit for the period	**69,582**	**50,116**
Attributable to:		
Equity holders of the Company	**69,582**	**50,116**
Earnings per share (in USD): (note 11)		
basic	1.00	0.72
diluted	0.96	0.69

* Comparative information is not restated based on transition method chosen by the Group on application of IFRS16 at 1 January 2019.

Notes on pages 15 to 23 are an integral part of these interim consolidated financial statements.

Consolidated statement of comprehensive income (condensed)
For the six months ended 30 June
Unaudited

	2019 USD 000	2018* USD 000
PROFIT FOR THE PERIOD	**69,582**	**50,116**
Other comprehensive income:		
Items that are or may be subsequently reclassified to profit or loss		
Cash flow hedge	2,121	3,266
Currency translation difference	(8,520)	(13,172)
	(6,399)	**(9,906)**
Other comprehensive income for the period, net of tax	(6,399)	(9,906)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**63,183**	**40,210**
Attributable to:		
Equity holders of the Company	**63,183**	**40,210**

* Comparative information is not restated based on transition method chosen by the Group on application of IFRS16 at 1 January 2019.

Notes on pages 15 to 23 are an integral part of these interim consolidated financial statements.

Consolidated statement of financial position (condensed)
Unaudited

	30 June 2019 USD 000	31 December 2018* USD 000
ASSETS		
Current assets		
Cash and cash equivalents	87,281	287,439
Trade and other receivables	301,555	283,395
Other financial assets (note 9)	5,631	6,579
Total current assets	**394,467**	**577,413**
Non-current assets		
Property, plant and equipment (note 12)	60,112	18,021
Intangible assets (note 12)	989,945	1,008,873
Trade and other receivables	10,064	10,987
Other financial assets (note 9)	15,311	15,423
Deferred tax asset	20,328	17,663
Total non-current assets	**1,095,760**	**1,070,967**
Total assets	**1,490,227**	**1,648,380**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	173,539	163,052
Other financial liabilities (note 9)	3,932	2,234
Deferred revenues (Contract liabilities)	239,632	262,861
Income taxes payable	41,584	38,568
Borrowings (note 13)	18,315	107,797
Provisions for other liabilities and charges	286	1,259
Total current liabilities	**477,288**	**575,771**
Non-current liabilities		
Other financial liabilities (note 9)	16,477	19,385
Borrowings (note 13)	635,882	706,278
Provisions for other liabilities and charges	689	261
Deferred tax liabilities	34,018	37,594
Retirement benefit obligations	10,470	10,320
Total non-current liabilities	**697,536**	**773,838**
Total liabilities	**1,174,824**	**1,349,609**
Shareholders' equity		
Share capital	240,943	233,217
Treasury shares	(264,608)	(264,608)
Share premium and other reserves	(287,956)	(289,095)
Other equity	(129,119)	(121,491)
Retained earnings	756,143	740,748
Total equity	**315,403**	**298,771**
Total liabilities and equity	**1,490,227**	**1,648,380**

* Comparative information is not restated based on transition method chosen by the Group on application of IFRS16 at 1 January 2019.

Notes on pages 15 to 23 are an integral part of these interim consolidated financial statements.

Consolidated statement of cash flows (condensed)

For the six months ended 30 June
Unaudited

	2019 USD 000	2018* USD 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**82,675**	**58,715**
Adjustments:		
Depreciation, amortization and impairment of financial assets	61,012	47,039
Loss on disposal of property, plant and equipment	116	–
Cost of share options	8,900	16,385
Foreign exchange gain on non-operating activities	(5,452)	(1,744)
Interest expenses, net	7,271	5,256
Net loss from financial instruments	5,818	1,852
Other finance costs	1,984	8,794
Other non-cash item	157	70
Changes in:		
Trade and other receivables	(18,114)	(28,793)
Trade and other payables, provisions and retirement benefit obligations	10,992	12,015
Deferred revenues	(22,948)	(6,663)
Cash generated from operations	**132,411**	**112,926**
Income taxes paid	(12,908)	(10,457)
Net cash generated from operating activities	**119,503**	**102,469**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net of disposals	(2,740)	(3,869)
Purchase of intangible assets, net of disposals	(2,457)	(1,653)
Capitalized development costs (note 12)	(28,445)	(25,750)
Acquisitions of subsidiaries, net of cash acquired	(2,060)	–
Settlement of financial instruments	(2,730)	870
Interest received	778	738
Net cash used in investing activities	**(37,654)**	**(29,664)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid (note 15)	(52,361)	(46,134)
Acquisition of treasury shares	–	(161,151)
Proceeds from borrowings (note 13)	2,685	75,000
Repayments of borrowings (note 13)	(110,000)	(41)
Repayment of bond	(100,652)	–
Payment of lease liabilities	(7,296)	–
Interest payments	(12,699)	(11,037)
Payment of other financing costs	(1,183)	(7,992)
Net cash used in financing activities	**(281,506)**	**(151,355)**
Effect of exchange rate changes	(501)	(1,346)
Net decrease in cash and cash equivalents in the period	**(200,158)**	**(79,896)**
Cash and cash equivalents at the beginning of the period	**287,439**	**167,855**
Cash and cash equivalents at the end of the period	**87,281**	**87,959**

* Comparative information is not restated based on transition method chosen by the Group on application of IFRS16 at 1 January 2019.

Notes on pages 15 to 23 are an integral part of these interim consolidated financial statements.

Consolidated statement of changes in equity (condensed)
Unaudited

	Share capital USD 000	Treasury shares USD 000	Share premium and other reserves USD 000	Other equity USD 000	Retained earnings USD 000	Total USD 000
Balance at 1 January 2018	**232,192**	**(197,750)**	**(186,287)**	**(93,341)**	**624,699**	**379,513**
Adjustment on initial application of IFRS 15 (net of tax)	–	–	–	–	(3,755)	(3,755)
Adjusted balance at 1 January 2018	**232,192**	**(197,750)**	**(186,287)**	**(93,341)**	**620,944**	**375,758**
Profit for the period	–	–	–	–	50,116	50,116
Other comprehensive income for the period, net of tax	–	–	–	(9,906)	–	(9,906)
Total comprehensive income for the period	–	–	–	(9,906)	50,116	40,210
Dividend paid (note 15)	–	–	–		(46,134)	(46,134)
Cost of share options	–	–	16,385	–	–	16,385
Exercise of share options	1,025	128,448	(129,473)	–	–	–
Costs associated with equity transactions	–		(270)	–	–	(270)
Acquisition of treasury shares	–	(161,151)	–	–	–	(161,151)
	1,025	(32,703)	(113,358)	(9,906)	3,982	(150,960)
Balance at 30 June 2018	**233,217**	**(230,453)**	**(299,645)**	**(103,247)**	**624,926**	**224,798**
Balance at 1 January 2019	**233,217**	**(264,608)**	**(289,095)**	**(121,491)**	**740,748**	**298,771**
Adjustment on initial application of IFRS 16 (net of tax)	–	–	–	–	(1,826)	(1,826)
Adjusted balance at 1 January 2019	**233,217**	**(264,608)**	**(289,095)**	**(121,491)**	**738,922**	**296,945**
Profit for the period	–	–	–	–	69,582	69,582
Other comprehensive income for the period, net of tax	–	–	–	(6,399)	–	(6,399)
Total comprehensive income for the period	–	–	–	(6,399)	69,582	63,183
Dividend paid (note 15)	–	–	–	–	(52,361)	(52,361)
Hedging gains transferred to deferred revenues	–	–	–	(1,229)	–	(1,229)
Cost of share options	–	–	8,900	–	–	8,900
Exercise of share options	7,726	–	(7,726)	–	–	–
Costs associated with equity transactions	–	–	(35)	–	–	(35)
Acquisition of treasury shares	–	–	–	–	–	–
	7,726	–	1,139	(7,628)	17,221	18,458
Balance at 30 June 2019	**240,943**	**(264,608)**	**(287,956)**	**(129,119)**	**756,143**	**315,403**

Notes on pages 15 to 23 are an integral part of these interim consolidated financial statements.

Notes to the consolidated interim financial statements
For the period ended 30 June 2019
Unaudited

1. GENERAL INFORMATION
Temenos AG formerly named as 'Temenos Group AG' ("the Company") was incorporated in Glarus, Switzerland on 7 June 2001 as a stock corporation (Aktiengesellschaft). Since 26 June 2001 the shares of Temenos AG have been publicly traded on the SIX Swiss Exchange. The registered office is located at 2 Rue de L'Ecole-de-Chimie, 1205 Geneva, Switzerland.

The Company and its subsidiaries (the "Temenos Group" or the "Group") are engaged in the development, marketing and sale of integrated banking software systems. The Group is also involved in supporting the implementation of the systems at various client locations around the world as well as in offering help desk support services to existing users of Temenos software systems. The client base consists of mostly banking and other financial services institutions.

2. BASIS OF PREPARATION
This condensed interim financial information for the six month ended 30 June 2019 has been prepared in accordance with IAS 34 'Interim financial reporting' and are unaudited. The consolidated interim financial report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018 which have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES
The accounting policies are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2018, except for the changes described in paragraph 'Changes in accounting policies' related to adoption of new standard IFRS 16 'Leases' and for specific requirement applicable to interim financial reporting which is as follows:

Taxation
Income tax is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The tax charge for the period ended 30 June 2019 consisted of tax on profits, withholding tax and deferred tax movements.

New Standards, amendments and interpretations relevant to the Group's operation and adopted by the Group as at 1 January 2019
Unless otherwise specified, the following standards, amendments and interpretations published and adopted by Group are not expected to have any significant impact on the Group's consolidated interim financial statements.

IFRS 16 'Leases'
IFRS16 primarily changes lease accounting for lessees. Lease agreements will give rise to recognition of an asset representing the right to use the leased asset and lease liability representing its obligation for future lease payments. The nature of expense related to the lease has now changed as straight line operating lease expense is replaced by depreciation expense associated with right-of-use asset and interest expense on lease liabilities. The Group has identified all the leases that are currently in use and majority of these leases are for office rentals.

As of 1 January 2019, the Group adopted IFRS 16 'Leases', using modified retrospective approach. This new standard replaces the IAS 17 'Leases'. The transition effect into the new lease standard is accounted by recognizing the cumulative effect of initially applying the standard as an opening balance sheet adjustment to retained earnings at 1 January 2019 without any adjustment to prior year comparative information and it's continued to be reported under IAS 17 and related interpretations.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

> accounting for operating leases with remaining lease term of less than 12 months as at 1 January 2019 as short term leases
> the exclusion of initial direct cost for the measurement of the right-of-use-asset at the date of initial application

The Group elected to take exemptions on applying IFRS 16 requirements to short term leases and low value leases.

Initial application of IFRS 16 as at 1 January 2019 has resulted in the following opening balance adjustments on the Group's consolidated statement of financial position. The net impact was a reduction in retained earnings of USD 1.8 million.

	IFRS 16 adoption USD 000
Assets	
Property, plant and equipment	45,085
Other assets (current / non-current)	3,327
Total assets	48,412
Liabilities	
Borrowings (current / non-current)	53,175
Other liabilities (current / non-current)	(2,937)
Total liabilities	50,238
Equity	
Retained earnings	(1,826)

Notes to the consolidated interim financial statements
For the period ended 30 June 2019
Unaudited (continued)

3. ACCOUNTING POLICIES CONTINUED

IFRS 16 'Leases' continued

On initial application of IFRS 16, the lease liabilities on pre-existing leases classified as operating leases under IAS 17 were measured at the present value of the remaining lease payments and were discounted at the incremental borrowing rates as at 1 January 2019. The weighted average discount rate applied to the lease liabilities on 1 January 2019 was 2.7%. The Group has recognized USD 43.1 million of right-of-use assets and USD 48.7 million of lease liability as at 30 June 2019.

The Group do not expect a significant impact on net profit in 2019 , and on the cash flow statement, there is a change in presentation where we see an improvement in cash flow from operating activities offset by a corresponding decline in cash flow from financing activities. There is no overall cash flow impact from the adoption of IFRS16.

Following the adoption of the new standard, the Group has updated its accounting policies to adopt IFRS16 'Leases' (refer 3.1).

IFRIC 23 (interpretation) 'Uncertainty over Income tax Treatments', effective for annual periods beginning on or after 1 January 2019. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. This interpretation is not expected to have a significant impact on the Group financial statements. The Group has applied this interpretation for the financial reporting period commencing on 1 January 2019.

IAS 19 (amendment) 'Employee benefit' effective for annual periods beginning on or after 1 January 2019. The amendment provides guidance in connection with accounting for plan amendment, curtailments and settlements. The amendment requires use of current assumptions to determine service cost and to remeasure its net defined benefit liability or asset when a plan event such as amendment, curtailments or settlement occurs. The Group has applied the amendment for the financial reporting period commencing on 1 January 2019.

IFRS 9 (amendment) 'Financial instruments', effective for annual periods beginning on or after 1 January 2019, with earlier application permitted. This amendment enables entities to measure at amortized cost some prepayable financial assets with negative compensation. The Group has applied the amendment for the financial reporting period commencing on 1 January 2019.

2015-2017 cycle annual improvements (amendments), effective for annual periods beginning on or after 1 January 2019. The Group has applied these amendments for the financial reporting period commencing on 1 January 2019.

Changes in accounting policies

3.1 Leases

Recognition of a lease

The Group now assesses whether a contract is or contains a lease based on the new definition of a lease under IFRS 16. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets these evaluations:

> the contract contains an identified asset that is either explicitly specified or implicitly specified at the time that the asset is made available for use by the Group;
> the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
> the Group has the right to direct the use of the identified asset throughout the period of use or the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions.

The policy is applied only to contracts entered into or changed on or after 1 January 2019. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

The Group has elected to separate non-lease component and they are accounted as an expense in profit or loss.

In a few cases, where the Group acts as an intermediate lessor, it classifies the sub-lease either as operating or a finance lease based on the lease term and the right-of-use-asset being sub-leased. If a sub-lease is classified as a finance lease the future discounted cash flow is recognized as a receivable with a corresponding decrease of the right-to-use asset.

Measurement of a lease

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group use the incremental borrowing rate which consist of risk free rate of currency of the lease plus the premium arising from the Group's credit risk. Lease payments included in the measurement comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee (if any).

The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis over the lease term.

The Group assesses the lease terms on commencement and at each reporting period on certain lease contracts which includes renewal or termination options. The extension or termination options are only included in the lease term if the Group is reasonably certain to exercise the options.

Leases of low-value and short term

Short-term leases are leases with a lease term of 12 months or less. The Group defines assets with estimated market value of around USD 5k when new as low value assets. The payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term and treated as an outflow from operating activities on the statement of cash flows.

Re-measurement of a lease

The lease liability and right of use assets initially recognized are re-measured on occurrence of below events:

> Change in lease term (renewal or termination options taken into consideration) – Lease liability re-measured using a revised discount rate at the date of reassessment.
> Change in index rate affecting future lease payments – Discount rate is unchanged (initial recognition).

4. SEASONALITY OF OPERATIONS

The Group's software licensing revenue, profit and cash collection tend to be stronger in the second half of the year and specifically the final quarter, therefore interim results are not necessarily indicative of results for the full year.

5. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

The group has amended and extended its existing multi currency revolving facility. The facility value remains unchanged at USD 500 million and the revised termination date is 5 July 2024.

There were no material changes in respect of the Group's contingent liabilities, including litigation settlement, since the last annual reporting date.

There have been no substantive changes in the Group's exposure to financial risks and the Group has not suffered from significant adverse effect. Nature of the risks as well as the Group's policies and objectives reported in the consolidated financial statements at 31 December 2018 remain the same.

6. ESTIMATES

The preparation of these consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Group's consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

7. BUSINESS COMBINATION

Prior year acquisition

Avoka Technologies Pty Limited

The following tables summarize the financial effect of the adjustments to the initial accounting as at 30 June 2019.

Fair value of the consideration transferred at acquisition date	2018 USD 000	2019 adjustment USD 000	Total USD 000
Cash consideration	**253,997**	**688**	**254,685**

Provisional fair value of the identifiable assets acquired and liabilities assumed	2018 USD 000	2019 adjustment USD 000	Total USD 000
Cash & cash equivalents	11,535	–	11,535
Trade and other receivables	9,271	(200)	9,071
Property, plant and equipment	825	–	825
Intangible assets	141,548	(5,347)	136,201
Trade and other payables	(5,919)	(525)	(6,444)
Provision for other liabilities	(430)	–	(430)
Deferred tax liabilities	(27,550)	600	(26,950)
Deferred revenues	(9,349)	400	(8,949)
Total	**119,932**	**(5,072)**	**114,860**
Goodwill	**134,066**	**5,760**	**139,826**
Net consideration paid in cash	253,997	688	254,685
Cash and cash equivalents acquired	(11,535)	–	(11,535)
Cash outflow on acquisition	**242,462**	**688**	**243,150**

The Group is still assessing fair value of the net assets, although the group does not expect any significant adjustments.

Notes to the consolidated interim financial statements
For the period ended 30 June 2019
Unaudited (continued)

7. BUSINESS COMBINATION CONTINUED
Current year acquisition
hTrunk Software Solutions Private Limited
On 5 March 2019, the Group acquired 100% of the share capital of hTrunk Software Solutions Private Ltd a fast growing company providing big data and analytics solutions to the banking industry.

Founded in 2015, hTrunk has 30 employees and is based in Bangalore, India. hTrunk provides big data analytics solutions, primarily to banking clients, including a number of Temenos T24 Transact customers. hTrunk will accelerate our ability to offer a productized data lake solution as a fundamental component of our banking software platforms.

With the addition of hTrunk 's comprehensive data lake product, we will be able to ingest, blend, store and process both structured and unstructured data in real-time, allowing us to create next-generation, analytically-driven banking applications. In the near term, we also expect to see big data capabilities integrated directly into the Temenos T24 Transact and Temenos Infinity products.

The goodwill arising from the acquisition is mainly attributed to cross selling opportunities and the Group's strengthened big data expertise and presence.

The goodwill recognized is not tax deductible for income tax purposes.

Fair value of the consideration transferred at acquisition date	USD 000
Cash consideration	1,384
Deferred consideration	1,064
Total	2,448

Fair value of the identifiable assets acquired and liabilities assumed	Total USD 000
Cash & cash equivalents	12
Trade and other receivables	89
Property, plant and equipment	–
Intangible assets	812
Trade and other payables	(112)
Total	801

Goodwill	1,647

Acquisition-related costs included in "General and administrative" line in the statement of profit or loss	146

Net consideration paid in cash	1,384
Cash and cash equivalents acquired	(12)
Cash outflow on acquisition	1,372

The fair value of the trade and other receivables approximates its carrying value and it is expected to be fully recoverable.

The revenue and profit or loss contributed by the acquiree in the period between the date of acquisition and the reporting date is not significant.

Had the acquisition occurred on 1 January 2019, the contribution by the acquiree to the Group's consolidated revenue and profit or loss would have not have been significant.

The initial accounting has been provisionally completed at 30 June 2019. The group is still evaluating the fair value of the net assets.

8. SEGMENT INFORMATION

The Chief Operating Decision Maker ("CODM") has been identified as the Group's Chief Executive Officer ("CEO"). He regularly reviews the Group's operating segments in order to assess performance and to allocate resources.

The CODM considers the business from a product perspective and, therefore, recognizes the reporting segments as: "Product" and "Services". Other representation of the Group's activity such as regional information is also presented to the CODM but it is not primarily used to review the Group's performance and to make decisions as to how to allocate resources. These two reporting segments are the Group's only operating segments, hence there is no segmental aggregation.

The "Product" segment is primarily engaged in marketing, licensing and maintaining the Group's software solutions, including software development fees for requested functionality, as well as providing hosting and subscription arrangements. The "Services" segment represents various implementation tasks such as consulting and training.

The CODM assesses the performance of the operating segments based on the operating contribution. This measure includes the operating expenses that are directly or reasonably attributable to the reporting segments. Unallocated expenses mainly comprise of restructuring costs, termination benefits, acquisition- related costs, share-based payment expenses, offices-related expenses and any other administrative or corporate overheads that cannot be directly attributable to the operating segments. Segment revenues provided to the CODM exclude the fair value adjustment recognized on deferred income liability acquired in business combination and hence total revenues allocated to the two segments exceed the IFRS reported figures.

The table below summarizes the primary information provided to the CODM:

	Product		Services		Total	
	Half-year 2019 USD 000 IFRS 15	Half-year 2018 USD 000 IFRS 15	**Half-year 2019 USD 000 IFRS 15**	Half-year 2018 USD 000 IFRS 15	**Half-year 2019 USD 000 IFRS 15**	Half-year 2018 USD 000 IFRS 15
External revenues	**354,989**	306,851	**86,938**	72,094	**441,927**	378,945
Operating contribution	**175,501**	144,308	**15,923**	14,089	**191,424**	158,397

Intersegment transactions are recognized as part of the allocated expenses. They are based on internal cost rates that excludes any profit margin.

There have been no differences from the last annual consolidated financial statements with regards to the basis of segmentation or to the basis of measurement of segment profit or loss.

There has been no material change in the assets reported to the CODM from the amount disclosed in the consolidated financial statements for the year ended 31 December 2018.

Reconciliation to the Group's consolidated interim financial statements	**Half-year 2019 USD 000**	Half-year 2018 * USD 000 Represented
Total operating profit for the reportable segments	191,424	158,397
Fair value adjustment on acquired deferred income liability	(2,200)	(106)
Depreciation and amortization	(60,551)	(46,279)
Unallocated operating expenses	(36,313)	(39,343)
Finance costs – net	(9,685)	(13,954)
Profit before taxation	**82,675**	58,715

* Operating segment revenue and contribution was reported to CODM on IFRS15 and on IAS18 basis in 2018 as it's first year of transition. From 2019 onwards, revenue and contribution are reported on IFRS15 basis only, as a result the comparatives on above table have been represented to reflect operating profit as per IFRS15.

Geographical information

Revenues from external customers by regions	**Half-year 2019 USD 000**	Half-year 2018 USD 000
REGIONS		
Europe	188,050	183,925
Americas	100,491	63,932
Middle East and Africa	67,174	66,221
Asia Pacific	84,012	64,761
TOTAL REVENUES	**439,727**	378,839

Notes to the consolidated interim financial statements
For the period ended 30 June 2019
Unaudited (continued)

9. FAIR VALUE MEASUREMENT
The following table provides the level of the fair value hierarchy within which the carrying amounts of the financial assets and liabilities measured at fair value are categorized.

> Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
> Level 2 inputs: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
> Level 3 inputs: Inputs for the asset or liability that are not based on observable market data.

Balance at 30 June 2019

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at fair value through profit or loss (FVTPL)				
Forward foreign exchange contracts	–	2,778	–	2,778
Derivatives used for hedging				
Forward foreign exchange contracts	–	3,164	–	3,164
Financial assets at fair value through other comprehensive income (FVOCI)				
Equity securities	–	–	15,000	15,000
Total	**–**	**5,942**	**15,000**	**20,942**

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at fair value through profit or loss (FVTPL)				
Forward foreign exchange contracts	–	2,742	–	2,742
Derivatives used for hedging				
Forward foreign exchange contracts	–	1,261	–	1,261
Cross currency swap	–	16,406	–	16,406
Total	**–**	**20,409**	**–**	**20,409**

Balance at 31 December 2018

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at fair value through profit or loss (FVTPL)				
Forward foreign exchange contracts	–	4,215	–	4,215
Derivatives used for hedging				
Forward foreign exchange contracts	–	2,787	–	2,787
Financial assets at fair value through other comprehensive income (FVOCI)				
Equity securities	–	–	15,000	15,000
Total	**–**	**7,002**	**15,000**	**22,002**

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at fair value through profit or loss (FVTPL)				
Forward foreign exchange contracts	–	1,087	–	1,087
Derivatives used for hedging				
Forward foreign exchange contracts	–	1,360	–	1,360
Cross currency swap	–	19,172	–	19,172
Total	**–**	**21,619**	**–**	**21,619**

There were no changes in the first six months of the year in the valuation techniques used for financial instruments nor transfers between level 1 and 2.

Assets and liabilities in level 2
Forward foreign exchange contracts:
Discounted cash flow method: The fair value represents the future cash flows that are discounted using a risk-free yield curve adjusted for credit risk. The future cash flows is determined using forward exchange rates at the balance sheet date.

Cross currency swaps:
Discounted cash flow method: The future cash flows are discounted using forward interest yield-curves attributable to each currency (including the currency basis spreads). The fair value of the leg measured in foreign currency is translated using the spot exchange rate.

Assets and liabilities in level 3

Equity investments:
Discounted cash flow model: The fair value represents the financial projection provided by the company discounted at a risk adjusted rate of 11%.

The change in fair value for the period ended 30 June 2019 was not significant.

Material change in the parameters and assumptions used in the financial projection would not significantly change the fair value of the investment.

10. FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

The following table provides the fair value and the carrying amount of the Group's financial instruments measured at amortized cost; excluding cash and cash equivalents, current trade and other receivables, current trade and other payables as their carrying amounts represent a reasonable approximation of their fair values and lease liabilities as exempted in IFRS 7 'Financial instruments : Disclosure'.

	30 June 2019		31 December 2018	
	Carrying amount USD 000	**Fair value USD 000**	Carrying amount USD 000	Fair value USD 000
Financial assets				
Non-current trade and other receivables	10,064	9,709	10,987	10,692
Total	**10,064**	**9,709**	10,987	10,692
Borrowings				
Other loans	115	108	161	172
Bank borrowings	92,690	92,506	200,000	200,014
Unsecured bonds	512,724	532,591	613,914	608,435
Total	**605,529**	**625,205**	814,075	808,621

11. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Half-year 2019	Half-year 2018
Profit attributable to equity holders of the Company (USD 000)	**69,582**	50,116
Weighted average of ordinary shares outstanding during the period (in thousands)	**69,915**	69,221
Basic earnings per share (USD per share)	**1.00**	0.72

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the periods presented in these consolidated interim financial statements, the Group has only one category with a potential dilutive effect: "Share options".

For the period ended 30 June 2019 and 30 June 2018, this category was fully dilutive.

	Half-year 2019	Half-year 2018
Profit used to determine diluted earnings per share (USD 000)	**69,582**	50,116
Weighted average of ordinary shares outstanding during the period (in thousands)	**69,915**	69,221
Adjustments for:		
– Share options (in thousands)	**2,741**	3,430
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**72,656**	72,651
Diluted earnings per share (USD per share)	**0.96**	0.69

Notes to the consolidated interim financial statements
For the period ended 30 June 2019
Unaudited (continued)

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Six months ended 30 June 2019	Property, plant and equipment USD 000	Intangible assets USD 000
Opening balance as at 1 January 2019 (USD 000)	**18,021**	**1,008,873**
Adjustment on initial application of IFRS16 – Right-of-use asset	45,085	–
Additions	7,437	2,315
Acquisition through business combination (note 7)	–	2,871
Disposals & impairment	(589)	–
Capitalized development costs	–	28,445
Charge for the period	(9,998)	(50,553)
Foreign currency exchange differences	156	(2,006)
Closing net book amount as at 30 June 2019 (USD 000)	**60,112**	**989,945**

13. BORROWINGS

	30 June 2019 USD 000	31 December 2018 USD 000
CURRENT		
Lease liabilities	15,530	–
Other loans	48	75
Unsecured bonds	2,737	107,722
Total current	**18,315**	107,797
NON-CURRENT		
Lease liabilities	33,138	–
Other loans	67	86
Bank borrowings	92,690	200,000
Unsecured bonds	509,987	506,192
Total non-current	**635,882**	706,278
Total borrowings	**654,197**	814,075

Movements in borrowings is analyzed as follows:

Six months ended 30 June 2019	
Opening balance as at 1 January 2019 (USD 000)	**814,075**
Proceeds from borrowings, net proceeds	(107,315)
Unsecured bond repayment	(100,652)
Unsecured bond-coupon payments	(8,193)
Interest expense	5,638
Adjustment on initial application of IFRS16 – Lease liabilities	53,175
Lease movement during the period (proceeds from leases/new lease additions)	(5,459)
Foreign currency exchange differences	2,928
Closing net book amount as at 30 June 2019 (USD 000)	**654,197**

Bank facilities

The Group maintains a multicurrency revolving credit facility with a pool of eight large financial institutions. The pertinent details of the facility available to the Group are as follows:

> Total commitment of USD 500 million.
> Interest at LIBOR plus variable margin, which is calculated by reference to certain financial covenants.
> The facility is repayable on 5 July 2024 (note 5).
> Commitment fees are due on the undrawn portion.

This agreement is subject to financial covenants, which have been adhered to during the reporting periods.

As at 30 June 2019, a total of USD 92.7 million (31 December 2018: USD 200 million) was drawn under this agreement.

14. SHARE CAPITAL

As at 30 June 2019, the issued shares of Temenos AG comprised 72,576,516 ordinary shares of a nominal value of CHF 5 each. All issued shares are fully paid.

The changes in the number of issued and outstanding shares for the period ended 30 June 2019 are summarized below:

	Number
Total number of shares issued, as at 1 January 2019	71,044,267
Treasury shares	(1,804,267)
Total number of shares outstanding, as at 1 January 2019	**69,240,000**
Creation of new ordinary shares out of conditional capital for share-based payment transactions	1,532,249
Disposal of treasury shares for share-based payment transactions	–
Acquisition of treasury shares (share buyback)	–
Total number of shares outstanding, as at 30 June 2019	**70,772,249**

As at 30 June 2019 the number of treasury shares held by the Group amounted to 1,804,267 (31 December 2018: 1,804,267).

Temenos AG also has conditional and authorized capital, comprising:

Authorized shares available until 15 May 2021	7,100,000
Conditional shares that may be issued on the exercise of share-based payment transactions	6,805,657
Conditional shares that may be issued in conjunction with financial instruments	6,607,904

15. DIVIDEND PAYMENT

A dividend of CHF 52.9 million (CHF 0.75 per share) in respect of the financial year ended 31 December 2018 was paid during the period.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 July 2019, the Group acquired 100% share capital of Logical Glue Limited, a London based provider of a patented, award winning Explainable AI (XAI) platform with financial clients in the UK and Europe.

The Group has acquired Logical Glue for GBP 12 million (approximately USD 15 million). At the time the financial statements were authorized for issue, the Group has not yet completed the initial accounting for the acquisition. The fair value of the net assets which includes acquired intangible assets is still being evaluated.

On 28 August 2019, the Group announced that it has agreed to acquire 100% of the share capital of Kony Inc, the fastest growing US digital banking SAAS company.
The acquisition will accelerate Temenos' growth in US bringing substantial scale, digital expertise and increased market presence.

Sources

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2 Forrester, 'The Forrester Wave'™: Digital Banking Engagement Platforms, Q3 2018', Forrester, Jost Hoppermann, August 2018, and 'Forrester's Global Banking Platform Deals Survey 2019', Forrester, Jost Hoppermann, March 2019.

3 'Ovum Decision Matrix: Selecting a Digital Banking Platform, 2019, Ovum, Matthew Heaslip, January 2019 and 'Ovum Decision Matrix: Selecting a Core Banking System in the European Market, 2016-17', Ovum, Noora Haapajärvi, March 2016. 'Ovum Decision Matrix: Selecting an Anti-Financial Crime Solution 2017-18', Ovum, Matthew Heaslip, December 2017.

4 'Annual Sales League Table 2019'. IBS Intelligence, May 2019.

5 'Ranking the CRM Technology Vendors Wealth Management: An Overview of the European Market', Celent, Ashley Longabaugh, April 2018.

6 'IDC MarketScape: Worldwide Know-Your-Customer Solutions in Financial Services 2018 Vendor Assessment', IDC, Stephen D'Alfonso, Karen Massey, September 2018 and 'IDC MarketScape: Worldwide Anti–Money Laundering Solutions in Financial Services 2018 Vendor Assessment', IDC, Karen Massey, Stephen D'Alfonso, September 2018. 'IDC MarketScape: Worldwide Core Banking Solutions 2015 Vendor Assessment', IDC, Karen Massey, Andrei Charniauski, Michael Araneta, Jerry Silva, January 2015, 'Worldwide Wealth Management Front-and Middle-Office Solutions 2014 Vendor Assessment, IDC, Thomas Zink, January 2015 and 'IDC MarketScape: European Mobile Banking Software Solutions 2017 Vendor Assessment', IDC, Lawrence Freeborn, May 2017.

7 FSTech Awards 2018, March 2018.

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Press Release dated 28 August 2019
and 25 September 2019

PRESS RELEASE

FOR IMMEDIATE RELEASE
August 28, 2019

Temenos to acquire Kony, US #1 digital banking SaaS company, to accelerate Temenos Infinity, the revolutionary cloud-native, cloud-agnostic digital front office product and its US strategy

- *The acquisition, accelerates Temenos' growth in the US bringing substantial scale, digital expertise and increased market presence.*
- *Temenos is best placed to capture the growing digital front office banking software addressable market which is USD 9 billion in the US and USD 23 billion worldwide.*
- *Kony's award-winning digital banking experience product will strengthen Temenos Infinity, as the richest and most technologically advanced digital banking product with unmatched digital expertise.*
- *Temenos Infinity is available natively on any cloud, as a SaaS offering or on-premise and can be connected to any core software.*
- *All Kony customers to benefit from continuous investment and innovation.*
- *Temenos strengthens its Executive Committee with the appointment of Thomas E. Hogan, Chairman and Chief Executive Officer, Kony, a seasoned US leader to become the President of Temenos North America.*

GENEVA, Switzerland – August 28, 2019 – Temenos (SIX: TEMN), the banking software company, today announced that it has agreed to acquire Kony Inc, the fast growing US #1 digital banking SaaS company. The acquisition significantly enhances Temenos' scale and capabilities in the US, adds significant digital expertise and accelerates Temenos Infinity, the breakthrough digital front office product, which has over 500 banking clients and is recognized as a leader by top analyst houses such as Forrester, Gartner, Ovum and IDC. Thomas E. Hogan, Chairman and CEO of Kony, will become President of Temenos North America and join Temenos' Executive Committee, effective on the acquisition closing date. Temenos has agreed to purchase Kony for an enterprise value of USD 559 million and an earn-out of USD 21 million, subject to regulatory approvals.

Kony has achieved rapid growth with both top tier and mid-market banks in the US and internationally with its Kony Digital Banking Experience product (Kony DBX) which is recognized as a leader by top analyst firms such as Gartner, Forrester and IDC. With 1,500 employees and deep expertise in digital and cloud technologies, Kony has been helping banks transform the experience for their clients with digital banking applications and its market-leading development platform, all of which are served through a cloud hosted SaaS model.

The Kony DBX product includes a suite of mobile banking apps delivering exceptional omnichannel experiences including support for conversational interfaces, artificial intelligence, augmented reality, and wearable technologies. Key to this success is Kony's development platform that accelerates product cycles and increases agility by reducing the load on bank IT to design and iterate user experiences. Kony's banking clients have been able to transform the banking experience with some achieving over 20% increase in mobile deposits, 64% increase in mobile credit card payments and significantly reducing abandonment rate from 20% to 3%.

The combined strength of Temenos, Kony and the recently acquired Avoka, will further strengthen the Temenos Infinity product, covering all banking verticals offering customer acquisition and onboarding, omnichannel banking, customer retention and marketing, and modules supporting payments, wealth advisor, financial crime, risk and compliance and analytics.

Temenos Infinity can be delivered on-premise, in any cloud or as a SaaS offering and has 700 published APIs for third-party integration. Temenos Infinity, can be easily implemented on any core banking system or integrated with the market-leading Temenos T24 Transact core banking product giving banks the freedom to continuously renovate their banking platform starting first with the customer experience.

Max Chuard, Chief Executive Officer, Temenos, said: "The acquisition of Kony, the US #1 digital banking SaaS company is highly strategic and will allow us to grow both our US and our digital front office business faster, while being highly accretive and synergistic to the rest of our business. We are acquiring a digital front office product that has already been successful in the US market and is connected to most third party cores. We are also adding a significant amount of exciting functionality and ease of generating customer journeys and experiences that will accelerate Temenos Infinity, providing banks in both North America and internationally with an unrivalled customer experience and omnichannel banking product. I am also extremely excited to welcome Tom Hogan to join our Executive Committee as the President of Temenos North America. Tom, is an inspirational and seasoned leader with a rich experience in executive positions in the technology sector and will be instrumental in driving our success in North America. I am also delighted to welcome to Temenos an impressive team of over 1500 people from Kony with immense digital and cloud expertise. These are truly exciting times as we continue to offer banks the most technologically advanced digital banking platform giving them the freedom to innovate and the speed to deliver superior digital customer experiences".

Thomas E. Hogan, Chairman and Chief Executive Officer, Kony, Inc., said: "I could not be more excited about joining Temenos and the combined value we will bring to financial institutions around the world. The power of the Temenos portfolio, combined with Kony's digital banking applications and multi-experience development platform, will bring the industry's most robust suite of applications for delivering service, value, and efficiencies from the digital edge to the modern core. The strength, scale, and commitment of Temenos will also help protect and extend our market-leading innovation. On behalf of the 1,500 talented Kony employees, we are proud and excited to join forces with Max Chuard and the equally talented men and women at Temenos and I am personally very proud to become the President of Temenos North America."

FOR IMMEDIATE RELEASE
August, 28, 2019

The transaction is due to be completed by early Q4 2019 and is subject to customary regulatory approvals. Temenos has agreed to purchase Kony for an enterprise value of USD 559 million and an earn-out of USD 21 million, to be funded through cash and debt. Kony's total revenue is expected to reach c.USD 115 million in 2020, and is expected to be accretive to Temenos growth from 2020. Over 60% of the total revenue is recurring, the majority of which is SaaS. The acquisition is expected to be non-IFRS EPS neutral in 2020, accretive from 2021 and to reach group margins within three years.

Conference call and webcast

At 18.30 CET / 17.30 GMT / 12.30 EST, today, 28 August 2019, Max Chuard, CEO, Takis Spiliopoulos, CFO, and Thomas E. Hogan, Chairman and CEO of Kony, Inc., will host a conference call to discuss the announced acquisition, which can be followed either through the dial-in numbers or webcast link below:

+41 (0) 58 310 50 00 (Switzerland, Europe & RoW)
+44 (0) 207 107 0613 (UK)
+1 (1) 631 570 56 13 (USA)

The webcast can be accessed by clinking on this Webcast link.

- Ends -

About Temenos

Temenos AG (SIX: TEMN), headquartered in Geneva, is the world's leader in banking software, partnering with banks and other financial institutions to transform their businesses and stay ahead of a changing marketplace. Over 3,000 banks across the globe, including 41 of the top 50 banks, rely on Temenos to process both the daily transactions and client interactions of more than 500 million banking customers. Temenos offers cloud-native, cloud-agnostic front office and core banking, payments, fund management and wealth management software products enabling banks to deliver consistent, frictionless customer journeys and gain operational excellence.

Temenos software is proven to enable its top-performing clients to achieve industry-leading cost-income ratios of 25.2% and returns on equity of 25.0%, 2X better than the industry average. These clients also invest over 53% of their IT budget on growth and innovation versus maintenance, which is 2.5X better than the industry average, proving the banks' IT investment is adding tangible value to their business.

For more information please visit www.temenos.com.

About Kony, Inc.

Kony is a fast-growing leader in digital experience development platforms and the emerging low-code platform market; and a recognized leader in digital banking. Kony Quantum provides low-code without limits, a next-generation low-code app development platform that delivers rich digital experiences. Kony DBX is the banking and financial services arm of Kony, Inc. and is a globally recognized leader in digital banking transformation. With a portfolio of modern, frictionless applications powered by the industry's most recognized platform, Kony DBX enables banks and credit unions of any size to accelerate innovation — without compromising what's critical.

For more information, please visit www.kony.com. Connect with Kony on Twitter, Facebook, LinkedIn and Instagram.

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PRESS RELEASE

FOR IMMEDIATE RELEASE
September 25, 2019

Temenos completes acquisition of Kony, the US #1 digital banking SaaS company to accelerate Temenos Infinity and its US strategy

GENEVA, Switzerland – September 25, 2019 – Temenos (SIX: TEMN), the banking software company, today announced that the acquisition of Kony Inc, the fast growing US #1 digital banking SaaS company has now closed. The acquisition will accelerate Temenos' US presence and strengthen Temenos Infinity, the breakthrough digital banking product. Thomas E. Hogan, Chairman and CEO of Kony, is appointed President of Temenos North America and joins Temenos' Executive Committee, with immediate effect. The acquisition was originally announced on 28 August 2019.

- Ends -

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ANNEX C

Temenos AG Third Quarter 2019 Press Release

PRESS RELEASE

FOR IMMEDIATE RELEASE
October 16, 2019

Temenos announces strong Q3 2019 SaaS ACV growth of 164%; total software licensing growth of 15% in Q3 and 20% YTD

GENEVA, Switzerland, October 16, 2019 – Temenos AG (SIX: TEMN), the banking software company, today reports its third quarter 2019 results.

	Non-IFRS				IFRS			
USDm, except EPS	Q3-19	Q3-18	Change	CC*	Q3-19	Q3-18	Change	CC*
Software licensing	83.5	80.5	4%	7%	83.5	80.5	4%	7%
SaaS & subscription	14.6	7.8	87%	93%	13.5	7.8	73%	79%
Total software licensing	**98.1**	**88.4**	**11%**	**15%**	**97.0**	**88.4**	**10%**	**13%**
Maintenance	88.6	78.9	12%	12%	88.6	78.9	12%	12%
Services	42.3	40.6	4%	6%	42.3	40.6	4%	6%
Total revenues	**229.1**	**207.9**	**10%**	**12%**	**228.0**	**207.9**	**10%**	**11%**
EBIT	**79.1**	**68.2**	**16%**	**16%**	**61.5**	**59.0**	4%	**5%**
EBIT margin	**34.5%**	**32.8%**	**2% pts**	**1% pt**	**27.0%**	**28.4%**	**-1% pt**	**-2% pts**
EPS (USD)	**0.90**	**0.76**	**18%**		**0.68**	**0.65**	**5%**	

The definition of non-IFRS adjustments is below and a full reconciliation of IFRS to non-IFRS results can be found in Appendix II

* Constant currency (c.c.) adjusts prior year for movements in currencies.
**SaaS ACV is Annual Contract Value which is the annual value of incremental business taken in-year (bookings). This includes new customers, up-sell and cross-sell. It only includes the recurring element of the contract and excludes variable elements.

Q3 2019 highlights

- Digital, regulatory and cost pressures and move to open banking continue to drive market growth
- Good sales momentum in Europe, Asia and the Americas, in particular in the US, continuing the trend from H1
- Key wins in Q3 include a tier 1 US bank for fund administration, a tier 1 Australian bank for Infinity and multiple sales to existing tier 1 European clients
- Strong momentum in SaaS, with revenue up 93% and ACV up 164%
- SaaS signings included a high profile challenger bank entering Australian market, a UK challenger bank focusing on SMEs and multiple wins across countries in Europe for neo-banks and new entrants
- Continued momentum in sales into the installed base, increasing share of wallet
- Weak sales execution in MEA region impacted signings in Q3, plan in place to regain momentum in the region by early 2020
- Acquisition of Kony, the market leader in digital banking, significantly enhances the Temenos Infinity platform and strengthens SaaS and cloud and US presence and strategy

Q3 2019 and 2019 YTD financial summary (non-IFRS)

- Non-IFRS total software licensing revenues up 15% in Q3, 20% YTD c.c.
- Non-IFRS maintenance growth of 12% in Q3, 12% YTD c.c.
- Non-IFRS total revenue growth of 12% in Q3, 17% YTD c.c.

PRESS RELEASE

FOR IMMEDIATE RELEASE
October 16, 2019

- Non-IFRS EBIT up 16% in Q3, 20% YTD c.c., Q3 EBIT margin of 34.5%
- Non-IFRS EPS increase of 18% in Q3, 19% YTD
- Operating cash flow of USD 50m, LTM cash conversion of 107% of IFRS EBITDA
- DSOs at 123 days reported, of which 9 are due to Kony acquisition

Commenting on the results, **Temenos CEO Max Chuard said:**

"We have continued the momentum from the first half and have now delivered total software licensing growth of 20% in the first three quarters of 2019 and total revenue growth of 17%, and I am particularly pleased with the SaaS performance with our ACV more than doubling. We continue to see strong demand across geographies, with Europe, Asia and the US in particular contributing to the quarter. We also had multiple signings with tier 1 banks, again across a broad range of countries, as we continue winning new names and increasing the penetration of our existing client base.

Key SaaS signings included a high profile challenger bank entering the Australian market, Alba, a UK challenger bank focusing on SMEs and multiple wins across countries in Europe for neo-banks and new entrants.

We continue to execute well on our US strategy and the closing of the Kony acquisition brings significant additional digital, cloud and SaaS expertise in the US in particular, as well as strengthening Temenos Infinity, our award-winning digital front office platform. We have already started to build pipeline on the back of this acquisition and have seen some early success in Q4."

Commenting on the results, **Temenos CFO Takis Spiliopoulos said**:

"We had a good level of signings in the quarter and delivered total software licensing growth of 15%, total revenue growth of 12% and EBIT growth of 16%, which is in line with our sustainable annual growth targets. We also delivered an EBIT margin improvement of 127bps. The signings were across all of our six drivers of growth including Transact, Infinity, fund administration and SaaS. I am particularly pleased with the strong momentum in SaaS with revenues up 93% and ACV up 164%.

We remain disciplined around our cash and balance sheet, with operating cash inflows of USD 50m in the quarter. We ended the quarter with DSOs at 123 days, 9 of which were due to the acquisition of Kony. Our leverage was 3.1x net debt to EBITDA at the end of the quarter, again driven by the acquisition of Kony and we expect this to come down to below 2.5x by year end.

We have revised our FY 2019 guidance for Kony. Our new guidance is for total software licensing growth of 19.5-22.5%, total revenue growth of 18-20% and EBIT of between USD 310-315m. The implied organic EBIT margin expansion remains at 150bps."

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Revenue

IFRS revenue were USD 228.0m for the quarter, an increase of 10% vs. Q3 2018.

Non-IFRS revenue was USD 229.1m for the quarter, an increase of 10% vs. Q3 2018.

IFRS total software licensing revenue for the quarter was USD 97.0m, an increase of 10% vs. Q3 2018.

Non-IFRS total software licensing revenue was USD 98.1m for the quarter, an increase of 11% vs. Q3 2018.

EBIT

IFRS EBIT was USD 61.5m for the quarter, an increase of 4% vs. Q3 2018.

Non-IFRS EBIT was USD 79.1m for the quarter, an increase of 16% vs. Q3 2018.

Non-IFRS EBIT margin was 34.5%, up 2% points vs. Q3 2018.

Earnings per share (EPS)

IFRS EPS was USD 0.68 for the quarter, an increase of 5% vs. Q3 2018.

Non-IFRS EPS was USD 0.90 for the quarter, an increase of 18% vs. Q3 2018.

Operating cash flow

IFRS operating cash was an inflow of USD 50m in Q3 2019 compared to USD 53m in Q3 2018, representing an LTM conversion of 107% of IFRS EBITDA into operating cash.

2019 guidance

The 2019 guidance has been revised for the acquisition of Kony. Our guidance for 2019 is in constant currencies. The revised guidance is as follows:

- Non-IFRS total software licensing growth at constant currencies of 19.5% to 22.5% (implying non-IFRS total software licensing revenue of USD 431m to USD 442m), revised from 17.5% to 22.5%
- Non-IFRS revenue growth at constant currencies of 18% to 20% (implying non-IFRS revenue of USD 970m to USD 986m), revised from 16% to 19%
- Non-IFRS EBIT at constant currencies of USD 310m to 315m, (implying non-IFRS EBIT margin of c. 31.9%, or 150bps expansion organically excluding the impact of Avoka and Kony)
- 100%+ conversion of EBITDA into operating cash flow
- Expected FY 2019 tax rate of 14% to 15%, revised from 15% to 16%

Currency assumptions for 2019 guidance

In preparing the 2019 guidance, the Company has assumed the following:

- EUR to USD exchange rate of 1.095;
- GBP to USD exchange rate of 1.210; and
- USD to CHF exchange rate of 0.980.

Conference call and webcast

At 18.30 CET / 17.30 GMT / 12.30 EST, today, 16 October 2019, Max Chuard, CEO, and Takis Spiliopoulos, CFO, will host a conference call to present the results and offer an update on the business outlook, which can be followed either through the dial-in numbers or webcast. Listeners who have not pre-registered can access the conference call using the following dial in numbers:

+41 (0) 58 310 50 00 (Europe & RoW)
+44 (0) 207 107 0613 (UK)
+1 (1) 631 570 56 13 (USA)

The webcast can be accessed by clinking on this webcast link.
A transcript will be made available on the Company website 48 hours after the call. Presentation slides for the call can be accessed using the following link: http://www.temenos.com/en/about-temenos/investor-relations/results-and-presentations/.

IFRS 16

Temenos has implemented IFRS 16 for reporting period 1st January 2019 onwards using the modified retrospective method. Under the modified retrospective method the 2018 and prior results will not be restated under IFRS 16. From 2019, the reporting results will only be provided under IFRS 16.

For more information on the impact of IFRS 16, please visit the Temenos Investor Relations website:

https://www.temenos.com/en/about-temenos/investor-relations/

Non-IFRS financial Information

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. In the reconciliation of IFRS to non-IFRS found in Appendix II, the Company sets forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information. The Company's non-IFRS figures exclude any deferred revenue write-down resulting from acquisitions, discontinued activities that do not qualify as such under IFRS, acquisition related charges such as advisory fees and integration costs, charges as a result of the amortisation of acquired intangibles, costs incurred in connection with a restructuring plan implemented and controlled by management, and adjustments made to reflect the associated tax charge relating to the above items.

Below are the accounting elements not included in the 2019 non-IFRS guidance:

- FY 2019 estimated deferred revenue write down of USD 9-10m
- FY 2019 estimated amortisation of acquired intangibles of USD 58-60m

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- FY 2019 estimated restructuring costs of USD 13-15m

Restructuring costs include realizing R&D, operational and infrastructure efficiencies. These estimates do not include impact of any further acquisitions or restructuring programs commenced after 16 October 2019. The above figures are estimates only and may deviate from expected amounts.

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About Temenos

Temenos AG (SIX: TEMN), headquartered in Geneva, is the world's leader in banking software, partnering with banks and other financial institutions to transform their businesses and stay ahead of a changing marketplace. Over 3,000 banks across the globe, including 41 of the top 50 banks, rely on Temenos to process both the daily transactions and client interactions of more than 500 million banking customers. Temenos offers cloud-native, cloud-agnostic front office and core banking, payments, fund management and wealth management software products enabling banks to deliver consistent, frictionless customer journeys and gain operational excellence.

Temenos software is proven to enable its top-performing clients to achieve industry-leading cost-income ratios of 25.2% and returns on equity of 25.0%, 2X better than the industry average. These clients also invest over 53% of their IT budget on growth and innovation versus maintenance, which is 2.5X better than the industry average, proving the banks' IT investment is adding tangible value to their business.

For more information please visit www.temenos.com.

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Appendix I – Q3 2019 IFRS primary statements

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All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 30 September 2019	Three months to 30 September 2018	**Year to date 30 September 2019**	Year to date 30 September 2018
Revenues				
Software licensing	**83,500**	80,538	**239,276**	218,163
SaaS & subscription	**13,536**	7,833	**38,953**	23,397
Total software licensing	**97,036**	88,371	**278,229**	241,560
Maintenance	**88,620**	78,859	**260,216**	232,415
Services	**42,336**	40,634	**129,274**	112,728
Total revenues	**227,992**	207,864	**667,719**	586,703
Operating expenses				
Sales and marketing	**(43,739)**	(43,176)	**(138,011)**	(123,574)
Services	**(37,458)**	(36,139)	**(115,436)**	(103,707)
Software development and maintenance	**(62,084)**	(50,542)	**(189,730)**	(159,283)
General and administrative	**(23,189)**	(19,027)	**(70,660)**	(68,490)
Total operating expenses	**(166,470)**	(148,884)	**(513,837)**	(455,054)
Operating profit	**61,522**	58,980	**153,882**	131,649
Other expenses				
Net interest expenses	**(5,234)**	(3,727)	**(13,649)**	(12,336)
Borrowing facility expenses	**(1,175)**	(470)	**(2,015)**	(5,912)
Foreign exchange gain / (loss)	**1,155**	(569)	**725**	(472)
Total other expenses	**(5,254)**	(4,766)	**(14,939)**	(18,720)
Profit before taxation	**56,268**	54,214	**138,943**	112,929
Taxation	**(6,974)**	(7,386)	**(20,067)**	(15,985)
Profit for the period	**49,294**	46,828	**118,876**	96,944
Earnings per share (in US$):				
basic	**0.70**	0.68	**1.69**	1.40
diluted	**0.68**	0.65	**1.63**	1.34
non-IFRS	**0.90**	0.76	**2.22**	1.86

TEMENOS AG

All amounts are expressed in thousands of US dollars

	30 September 2019	30 June 2019	31 December 2018	30 September 2018
Assets				
Current assets				
Cash and cash equivalents	76,711	87,281	287,439	91,930
Trade receivables	306,020	267,519	254,935	247,676
Other receivables	55,769	39,667	35,039	33,629
Total current assets	438,500	394,467	577,413	373,235
Non-current assets				
Property, plant and equipment	70,392	60,112	18,021	17,040
Intangible assets	1,631,913	989,945	1,008,873	752,645
Trade receivables	5,823	5,759	7,534	8,182
Other long term assets	20,781	19,616	18,876	3,268
Deferred tax assets	21,086	20,328	17,663	23,123
Total non-current assets	1,749,995	1,095,760	1,070,967	804,258
Total assets	2,188,495	1,490,227	1,648,380	1,177,493
Liabilities and equity				
Current liabilities				
Trade and other payables	195,277	177,757	166,545	127,486
Deferred revenues (Contract liabilities)	245,150	239,632	262,861	206,586
Income tax liabilities	47,384	41,584	38,568	38,342
Borrowings	21,036	18,315	107,797	105,644
Total current liabilities	508,847	477,288	575,771	478,058
Non-current liabilities				
Borrowings	1,196,542	635,882	706,278	425,094
Deferred tax liabilities	102,234	34,018	37,594	12,019
Trade and other payables	12,963	17,166	19,646	22,543
Retirement benefit obligations	12,978	10,470	10,320	8,552
Total non-current liabilities	1,324,717	697,536	773,838	468,208
Total liabilities	1,833,564	1,174,824	1,349,609	946,266
Shareholders' equity				
Share capital	241,537	240,943	233,217	233,217
Treasury shares	(264,608)	(264,608)	(264,608)	(269,274)
Share premium and capital reserves	(284,913)	(287,956)	(289,095)	(292,007)
Fair value and other reserves	(142,523)	(129,119)	(121,491)	(112,463)
Retained earnings	805,438	756,143	740,748	671,754
Total shareholders' equity	354,931	315,403	298,771	231,227
Total equity	354,931	315,403	298,771	231,227
Total liabilities and equity	2,188,495	1,490,227	1,648,380	1,177,493

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All amounts are expressed in thousands of US dollars

	Three months to 30 September 2019	Three months to 30 September 2018	Year to date 30 September 2019	Year to date 30 September 2018
Cash flows from operating activities				
Profit before taxation	**56,268**	54,214	**138,943**	112,929
Adjustments:				
Depreciation and amortisation	**31,163**	22,932	**91,714**	69,211
Other non-cash and non-operating items	**7,477**	17,451	**26,271**	48,064
Changes in working capital:				
Trade and other receivables	**(28,599)**	(3,863)	**(46,252)**	(31,896)
Trade and other payables, and retirement benefit obligations	**596**	(20,156)	**11,588**	(8,141)
Deferred revenues (Contract liabilities)	**(17,046)**	(17,880)	**(39,994)**	(24,543)
Cash generated from operations	**49,859**	52,698	**182,270**	165,624
Income taxes paid	**(532)**	(4,679)	**(13,440)**	(15,136)
Net cash generated from operating activities	**49,327**	48,019	**168,830**	150,488
Cash flows from investing activities				
Purchase of property, plant and equipment	**(3,776)**	(2,261)	**(6,874)**	(6,130)
Disposal of property, plant and equipment	**-**	-	**358**	-
Purchase of intangible assets	**(781)**	(1,188)	**(3,238)**	(2,841)
Capitalised development costs	**(15,187)**	(13,006)	**(43,632)**	(38,756)
Acquisitions of subsidiary, net of cash acquired	**(592,029)**	-	**(594,089)**	-
Settlement of financial instruments	**(3,031)**	(2,007)	**(5,761)**	(1,137)
Interest received	**98**	546	**876**	1,284
Net cash used in investing activities	**(614,706)**	(17,916)	**(652,360)**	(47,580)
Cash flows from financing activities				
Dividend paid	**-**	-	**(52,361)**	(46,134)
Acquisition of treasury shares	**-**	(44,427)	**-**	(205,578)
Proceeds from borrowings	**565,001**	20,000	**567,686**	95,000
Repayments of borrowings	**-**	(30)	**(110,000)**	(71)
Repayment of bond	**-**	-	**(100,652)**	-
Payment of lease liabilities	**(3,998)**	-	**(11,294)**	-
Interest paid	**(729)**	(674)	**(13,428)**	(11,711)
Payment of other financing costs	**(4,070)**	(437)	**(5,253)**	(8,429)
Net cash generated from / (used in) financing activities	**556,204**	(25,568)	**274,698**	(176,923)
Effect of exchange rate changes	**(1,395)**	(564)	**(1,896)**	(1,910)
Net (decrease) / increase in cash and cash equivalents in the period	**(10,570)**	**3,971**	**(210,728)**	**(75,925)**
Cash and cash equivalents at the beginning of the period	**87,281**	87,959	**287,439**	167,855
Cash and cash equivalents at the end of the period	**76,711**	91,930	**76,711**	91,930

Appendix II – reconciliation of IFRS to non-IFRS Q3 2019 Income Statement

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies.

To compensate for these limitations, the supplemental non-IFRS financial information should not be read in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

Reconciliation of IFRS to non-IFRS

IFRS - Non- IFRS Reconciliation	3 Months Ending 30 September						Change	
Thousands of US Dollars	2019 IFRS	Non-IFRS adjustments	2019 Non-IFRS	2018 IFRS	Non-IFRS adjustment	2018 Non-IFRS	IFRS	Non-IFRS
Software licensing	83,500		83,500	80,538		80,538	4%	4%
SaaS & subscription	13,536	1,100	14,636	7,833	-	7,833	73%	87%
Total Software Licensing	**97,036**	**1,100**	**98,136**	**88,371**	**-**	**88,371**	10%	11%
Maintenance	88,620		88,620	78,859		78,859	12%	12%
Services	42,336		42,336	40,634		40,634	4%	4%
Total Revenue	**227,992**	**1,100**	**229,092**	**207,864**	-	**207,864**	**10%**	**10%**
Total Operating Expenses	**(166,470)**	**16,515**	**(149,955)**	**(148,884)**	**9,223**	**(139,661)**	**12%**	**7%**
Restructuring	(4,193)	4,193	-	(122)	122	-	3337%	
Amort of Acquired Intangibles	(12,322)	12,322	-	(9,101)	9,101	-	35%	
Operating Profit	**61,522**	**17,615**	**79,137**	**58,980**	**9,223**	**68,203**	**4%**	**16%**
Operating Margin	27%		35%	28%		33%	-1.4% pts	1.7% pts
Financing Costs	(5,254)	685	(4,569)	(4,766)		(4,766)	10%	(4%)
Taxation	(6,974)	(1,960)	(8,934)	(7,386)	(1,163)	(8,549)	(6%)	5%
Net Earnings	49,294	16,340	65,634	46,828	8,060	54,888	5%	20%
EPS (USD per Share)	0.68	0.22	0.90	0.65	0.11	0.76	5%	18%

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